



AGENDA

EL SEGUNDO CITY COUNCIL
SPECIAL MEETING
TUESDAY, DECEMBER 13, 2022

6:00 PM OPEN SESSION

CITY COUNCIL CHAMBER
350 MAIN STREET, EL SEGUNDO, CA 90245

Drew Boyles, Mayor
Chris Pimentel, Mayor Pro Tem
Carol Pirsztuk, Council Member
Scot Nicol, Council Member
Lance Giroux, Council Member

Tracy Weaver, City Clerk
Matthew Robinson, City Treasurer

Executive Team

Darrell George, City Manager
Barbara Voss, Deputy City Manager
Jaime Bermudez, Police Chief
Michael Allen, Community Development Dir.
Jose Calderon, IT Director
Aly Mancini, Recreation, Parks & Library Dir.

Mark Hensley, City Attorney
Joe Lillio, Chief Financial Officer
Deena Lee, Fire Chief
Rebecca Redyk, HR Director
Elias Sassoon, Public Works Dir.

MISSION STATEMENT:

“Provide a great place to live, work, and visit.”

VISION STATEMENT:

“Be a global innovation leader where big ideas take off while maintaining our unique small-town character.”

The City Council, with certain statutory exceptions, can only take action upon properly posted and listed agenda items. Any writings or documents given to a majority of City Council regarding any matter on this agenda that the City received after issuing the agenda packet are available for public inspection in the City Clerk's Office during normal business hours. Such documents may also be posted on the City's website at www.elsegundo.org and additional copies will be available at the City Council meeting.

Unless otherwise noted in the agenda, the public can only comment on City-related business that is within the jurisdiction of the City Council and/or items listed on the agenda during the Public Communications portions of the Meeting. Additionally, members of the public can comment on any Public Hearing item on the agenda during the Public Hearing portion of such item. The time limit for comments is five (5) minutes per person.

Those wishing to address the City Council are requested to complete and submit to the City Clerk a "Speaker Card" located at the Council Chamber entrance. You are not required to provide personal information in order to speak, except to the extent necessary for the City Clerk to call upon you, properly record your name in meeting minutes and to provide contact information for later staff follow-up, if appropriate.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 310-524-2305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

6:00 PM – CONVENE OPEN SESSION – CALL TO ORDER / ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMUNICATIONS – (RELATED TO CITY BUSINESS ONLY – 5 MINUTE LIMIT PER PERSON, 30 MINUTE LIMIT TOTAL) *Individuals who have received value of \$50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of \$250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.*

A. PROCEDURAL MOTIONS

Read All Ordinances and Resolutions on the Agenda by Title Only

Recommendation -

Approval

B. REPORTS - CITY CLERK

1. Adopt a Resolution Declaring the Results of the Consolidated General Municipal Election held November 8, 2022

Recommendation -

1. Adopt a Resolution declaring the results of the Consolidated General Municipal Election held on November 8, 2022.
2. Comments from outgoing Council Member Nicol.
3. Alternatively, discuss and take other action related to this item.

2. Administer Oath of Office to Council Members Elect

Recommendation -

1. The City Clerk presents the Certificate of Election and administers the oath of office to City Council Members Elect.
2. Comments from newly seated Council Members, Christopher Pimentel and Ryan W. Baldino.
3. Alternatively, discuss and take other action related to this item.

3. Election of Mayor and Mayor Pro Tem by Seated Council Members

Recommendation -

1. City Clerk receives nominations for Mayor from Council Members. Nominations do not require a second from another Council Member. The nominations will be voted on in the order they are made. If a nomination is approved by a majority of the Council, the person nominated becomes the Mayor and the process is concluded.

2. The newly appointed Mayor receives nominations for Mayor Pro Tem from Council Members. Nominations do not require a second from another Council Member. The nominations will be voted on in the order they are made. If a nomination is approved by a majority of the Council, the person nominated becomes the Mayor Pro Tem and the process is concluded.

3. Alternatively, discuss and take other action related to this item.

ADJOURNMENT

POSTED:

DATE: December 9, 2022
TIME: 12:00 PM
BY: Tracy Weaver, City Clerk



City Council Agenda Statement

Meeting Date: December 13, 2022

Agenda Heading: Reports - City Clerk

Item Number: B.1

TITLE:

Adopt a Resolution Declaring the Results of the Consolidated General Municipal Election held November 8, 2022

RECOMMENDATION:

1. Adopt a Resolution declaring the results of the Consolidated General Municipal Election held on November 8, 2022.
2. Comments from outgoing Council Member Nicol.
3. Alternatively, discuss and take other action related to this item.

FISCAL IMPACT:

None

BACKGROUND:

The regularly scheduled Consolidated Municipal Election for City Council was held on November 8, 2022 for two (2) Council Member seats and three (3) Measures: BT, Y, and W. The County of Los Angeles Registrar-Recorder/County Clerk ("County") canvassed the returns of the election and has certified the results as required by Elections Code § 10262.

DISCUSSION:

Pursuant to California Elections Code § 10263, the City Council is required to adopt a resolution declaring the results of the City's General Municipal Election. The proposed resolution must recite the number of total ballots cast in the City and the number of votes cast for each candidate and measure, as canvassed and certified by the Registrar of Voters. The canvass declares Christopher Pimentel and Ryan W. Baldino elected to the office of the El Segundo City Council for terms ending in November of 2026 by a

Election Results of November 8, 2022

December 13, 2022

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majority vote. In addition, the proposed resolution deems Ordinance No. 1643 (Measure BT) and Ordinance No. 1644 (Measure Y) passed and adopted.

The proposed Resolution includes the whole number of ballots cast in the City, the names of the candidates, the number of votes given in each precinct to each person, and the total number of votes given to each person.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 1: Enhance Customer Service, Diversity, Equity, Inclusion and Communication

Objective 1 B: El Segundo's engagement with the community ensures excellence.

PREPARED BY:

Tracy Weaver, City Clerk

REVIEWED BY:

Tracy Weaver, City Clerk

APPROVED BY:

Tracy Weaver, City Clerk

ATTACHED SUPPORTING DOCUMENTS:

1. Resolution Certifying 2022 Election
2. Exhibit A - Tally
3. Exhibit B - County Certificate
4. Ordinance 1643
5. Ordinance 1644

RESOLUTION NO. XXX

A RESOLUTION DECLARING THE RESULTS OF THE GENERAL MUNICIPAL ELECTION HELD NOVEMBER 8, 2022.

The City Council of the City of El Segundo does resolve as follows:

SECTION 1: The City Council finds as follows:

- A. The City of El Segundo ("City") conducted a duly noticed General Municipal Election do on Tuesday, November 8, 2022, in consolidation with the Statewide General Election that the Registrar-Recorder/County Clerk of the County of Los Angeles ("County") held on the same, as required by law, day (for purposes of this Resolution, the City's election will referred to by the capitalized term "Election").
- B. The City conducted its Election for the consideration of: election of two City Council Members, each for full, four-year terms; and approval of three ballot measures: Measure BT, Measure Y, and Measure W, which respectively presented the following questions to voters:

Measure BT:

Shall an Ordinance Amending Business Taxes, including: \$150.00 for specified businesses; for others, \$150.00 up to five employees, \$138 per additional employee, and \$0.26 to \$0.30 per square foot above 2,000 square feet; for apartments and hotels or motels, \$150 up to three units or rooms plus \$150 for each additional; sunseting current tax credits; generating approximately \$3,000,000 annually for public safety, maintaining parks and streets, and other general purposes, until repealed, be adopted?

Measure Y:

Shall an ordinance (a "yes" vote taxing cannabis does "not" make cannabis businesses legal in El Segundo; it creates a tax in case a cannabis business ever becomes legal) funding general municipal expenses such as police, fire, streets, and parks, by establishing taxes upon cannabis businesses not to exceed \$20 per square foot for cultivation and 10% of gross receipts for other cannabis businesses, until ended by voters, generating approximately \$600,000 to \$1,500,000 annually, be adopted?

Measure W:

Shall an ordinance be adopted to repeal the City's current prohibition on commercial cannabis activities to authorize commercial cannabis retailers east of Pacific Coast Highway in the Multimedia Overlay District by right, of no less than 1,750 square feet, with sensitive receptor buffers and away from major arterial frontages, subject to a City permitting process; and authorize the City Council to subsequently regulate non-retail cannabis businesses?

- C. Voting precincts were properly established, election officers were appointed, votes were cast, votes were received and canvassed, and the returns made and declared in the time and manner required by the Elections Code for holding elections in general law cities.
- D. Pursuant to Elections Code § 15300 et seq., the County canvassed the Election returns and certified the results to the City Council. These results are attached as Exhibit "A," and incorporated by reference.
- E. Pursuant to Elections Code § 10263, upon completing of the canvass and before installing new officers, the City Council must adopt a Resolution reciting the fact of the Election and other matters identified in Elections Code § 10264 and declare the election of persons for whom the highest number of votes were cast for each office.

SECTION 2: The City Council declares and determines as follows:

- A. A total of 7,613 ballots were cast in the City election, 1,650 by precinct and 5,963 by mail.
- B. The names of the persons voted for City Council at the Election were: Ryan W. Baldino; Christopher Pimentel; Michelle Keldorf; John Pickhaver; and Robin Patch.
- C. The number of votes given at each precinct and in the City and the number of votes given to each person named above for City Council and Measures BT, Y, and W are listed in detail in Exhibit "A."
- D. Ryan W. Baldino and Christopher Pimentel received the most votes among the City Council candidates (3,055 and 3,122, respectively) and were elected as Members of the City Council for full terms of four years.
- E. The City's voters passed and approved Measure BT by a majority with the following count: 3,495 in favor (51.23%) and 3,327 (48.77%) in opposition.

The text of Ordinance No. 1643 (on file with the City Clerk) is duly passed and adopted.

- F. The City's voters passed and approved Measure Y by a majority with the following count: 5,163 in favor (72.8%) and 1,929 (27.2%) in opposition. The text of Ordinance No. 1644 (on file with the City Clerk) is duly passed and adopted.
- G. The City's voters did not pass or approve Measure W, which failed by the following count: 3,058 in favor (43.16%) and 4,027 (56.84%) in opposition.

SECTION 3: The City Clerk is directed to enter in the City's records a statement of the result of the election showing all information required under Elections Code § 10264, and such statement may include this Resolution.

SECTION 4: Pursuant to Elections Code Section 10265, the City Clerk will immediately make and deliver to each of the persons so elected a Certificate of Election signed by the City Clerk and authenticated; the City Clerk will also administer to each person elected the Oath of Office prescribed in the Constitution of the State of California and will have them subscribe to it and file it in the office of the City Clerk. Each and all of the persons so elected will then be inducted into the respective office to which they have been elected.

SECTION 5: The City Clerk will certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

SECTION 6: This Resolution will become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED RESOLUTION NO. XXX this 13th day of December 2022.

Drew Boyles, Mayor

ATTEST:

Tracy Weaver, City Clerk

APPROVED AS TO FORM

Mark D. Hensley, City Attorney

EXHIBIT "A"
COUNTY OFFICIAL CANVAS CERTIFICATE
AND OFFICIAL STATEMENT OF VOTES CAST

EXHIBIT A

COUNTY OF LOS ANGELES - GENERAL ELECTION			EL SEGUNDO CITY GEN MUNI COUNCILMEMBER					11/08/22	48.1 - PAGE - 1044 of 17855
FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			RYAN W BALDINO	JOHN FICKHAUER	C PIMENTEL	ROBIN PATCH	MICHELLE KELDORF		
LOCATION	REGISTRATION	BALLOTS CAST							
EL SEGUNDO - 2250001A		303	133	61	128	33	85		
VOTE BY MAIL	SERIAL 0299	1022	411	268	432	103	372		
TOTAL		2115	1325	544	329	560	136	457	
EL SEGUNDO - 2250003A		302	120	53	122	44	93		
VOTE BY MAIL	SERIAL 0300	1153	487	258	500	78	466		
TOTAL		2330	1455	607	311	622	122	559	
EL SEGUNDO - 2250004A		368	129	85	118	81	114		
VOTE BY MAIL	SERIAL 0301	1369	476	425	470	137	501		
TOTAL		2942	1737	605	510	588	218	615	
EL SEGUNDO - 2250006A		324	143	59	149	46	97		
VOTE BY MAIL	SERIAL 0302	1086	449	259	481	112	409		
TOTAL		2122	1410	592	318	630	158	506	
EL SEGUNDO - 2250011A		352	142	55	161	52	115		
VOTE BY MAIL	SERIAL 0303	1332	564	294	561	106	596		
TOTAL		2588	1684	706	349	722	158	711	
EL SEGUNDO - 2250017B*		1	0	0	0	0	0		
VOTE BY MAIL	SERIAL 6505	1	1	0	0	0	0		
TOTAL		10	2	1	0	0	0		
BALLOT GROUP 246 - 9990246A^		0	0	0	0	0	0		
VOTE BY MAIL	SERIAL 8246	0	0	0	0	0	0		
TOTAL		0	0	0	0	0	0		
BALLOT GROUP 247 - 9990247A^		0	0	0	0	0	0		
VOTE BY MAIL	SERIAL 8247	0	0	0	0	0	0		
TOTAL		0	0	0	0	0	0		

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI COUNCILMEMBER											
LOCATION	REGIST-RATION	BALLOTS CAST	RYAN W BALDINO	JOHN FICKHAUER	C PIMENTEL	ROBIN PATCH	MICHELLE KELDORF							
PRECINCT TOTAL		1650	667	313	678	256	504							
VBM TOTAL		5963	2388	1504	2444	536	2344							
GRAND TOTAL	12107	7613	3055	1817	3122	792	2848							

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI MEASURE BT												
LOCATION	REGIST-RATION	BALLOTS CAST	YES	NO											
EL SEGUNDO - 2250001A		303	124	150											
VOTE BY MAIL	SERIAL 0299	1022	526	408											
TOTAL	2115	1325	650	558											
EL SEGUNDO - 2250003A		302	115	160											
VOTE BY MAIL	SERIAL 0300	1153	573	454											
TOTAL	2330	1455	688	614											
EL SEGUNDO - 2250004A		368	115	204											
VOTE BY MAIL	SERIAL 0301	1369	580	616											
TOTAL	2942	1737	695	820											
EL SEGUNDO - 2250006A		324	107	192											
VOTE BY MAIL	SERIAL 0302	1086	537	442											
TOTAL	2122	1410	644	634											
EL SEGUNDO - 2250011A		352	132	190											
VOTE BY MAIL	SERIAL 0303	1332	686	510											
TOTAL	2588	1684	818	700											
EL SEGUNDO - 2250017B*		1	0	0											
VOTE BY MAIL	SERIAL 6505	1	0	1											
TOTAL	10	2	0	1											
BALLOT GROUP 246 - 9990246A^		0	0	0											
VOTE BY MAIL	SERIAL 8246	0	0	0											
TOTAL	0	0	0	0											
BALLOT GROUP 247 - 9990247A^		0	0	0											
VOTE BY MAIL	SERIAL 8247	0	0	0											
TOTAL	0	0	0	0											

FINAL OFFICIAL
STATEMENT OF VOTES CAST
BY PRECINCT

EL SEGUNDO CITY GEN MUNI
MEASURE BT

LOCATION	REGIST- RATION	BALLOTS CAST	YES	NO										
PRECINCT TOTAL		1650	593	896										
VBM TOTAL		5963	2902	2431										
GRAND TOTAL	12107	7613	3495	3327										

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI MEASURE Y											
LOCATION	REGISTRATION	BALLOTS CAST	YES	NO										
EL SEGUNDO - 2250001A		303	180	100										
VOTE BY MAIL	SERIAL 0299	1022	727	241										
TOTAL		2115	1325	907										
EL SEGUNDO - 2250003A		302	185	97										
VOTE BY MAIL	SERIAL 0300	1153	849	226										
TOTAL		2330	1455	1034										
EL SEGUNDO - 2250004A		368	189	145										
VOTE BY MAIL	SERIAL 0301	1369	919	343										
TOTAL		2942	1737	1108										
EL SEGUNDO - 2250006A		324	187	118										
VOTE BY MAIL	SERIAL 0302	1086	766	250										
TOTAL		2122	1410	953										
EL SEGUNDO - 2250011A		352	207	119										
VOTE BY MAIL	SERIAL 0303	1332	952	290										
TOTAL		2588	1684	1159										
EL SEGUNDO - 2250017B*		1	1	0										
VOTE BY MAIL	SERIAL 6505	1	1	0										
TOTAL		10	2	0										
BALLOT GROUP 246 - 9990246A^		0	0	0										
VOTE BY MAIL	SERIAL 8246	0	0	0										
TOTAL		0	0	0										
BALLOT GROUP 247 - 9990247A^		0	0	0										
VOTE BY MAIL	SERIAL 8247	0	0	0										
TOTAL		0	0	0										

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI MEASURE Y												
LOCATION	REGIST-RATION	BALLOTS CAST	YES	NO											
PRECINCT TOTAL		1650	949	579											
VBM TOTAL		5963	4214	1350											
GRAND TOTAL	12107	7613	5163	1929											

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI MEASURE W													
LOCATION	REGIST-RATION	BALLOTS CAST	YES	NO												
EL SEGUNDO - 2250001A		303	103	178												
VOTE BY MAIL	SERIAL 0299	1022	470	491												
TOTAL	2115	1325	573	669												
EL SEGUNDO - 2250003A		302	86	196												
VOTE BY MAIL	SERIAL 0300	1153	435	629												
TOTAL	2330	1455	521	825												
EL SEGUNDO - 2250004A		368	128	207												
VOTE BY MAIL	SERIAL 0301	1369	626	637												
TOTAL	2942	1737	754	844												
EL SEGUNDO - 2250006A		324	102	204												
VOTE BY MAIL	SERIAL 0302	1086	454	562												
TOTAL	2122	1410	556	766												
EL SEGUNDO - 2250011A		352	112	220												
VOTE BY MAIL	SERIAL 0303	1332	540	703												
TOTAL	2588	1684	652	923												
EL SEGUNDO - 2250017B*		1	1	0												
VOTE BY MAIL	SERIAL 6505	1	1	0												
TOTAL	10	2	2	0												
BALLOT GROUP 246 - 9990246A^		0	0	0												
VOTE BY MAIL	SERIAL 8246	0	0	0												
TOTAL	0	0	0	0												
BALLOT GROUP 247 - 9990247A^		0	0	0												
VOTE BY MAIL	SERIAL 8247	0	0	0												
TOTAL	0	0	0	0												

FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			EL SEGUNDO CITY GEN MUNI MEASURE W											
LOCATION	REGISTRATION	BALLOTS CAST	YES	NO										
PRECINCT TOTAL		1650	532	1005										
VBM TOTAL		5963	2526	3022										
GRAND TOTAL	12107	7613	3058	4027										

Los Angeles County
Registrar-Recorder/County Clerk
Certificate of the Canvass of the Election Returns

I, DEAN C. LOGAN, Registrar-Recorder/County Clerk of the County of Los Angeles, of the State of California, DO HEREBY CERTIFY that pursuant to the provisions of Section 15300 et seq. of the California Elections Code, I did canvass the returns of the votes cast for each elective office and/or measure(s) for

El Segundo City

at the General Election, held on the 8th day of November, 2022.

I FURTHER CERTIFY that the Statement of Votes Cast, to which this certificate is attached, shows the total number of ballots cast in said jurisdiction, and that the whole number of votes cast for each candidate and/or measure(s) in said jurisdiction in each of the respective precincts therein, and the totals of the respective columns and the totals as shown for each candidate and/or measure(s) are full, true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 5th day of December, 2022.



Dean C. Logan
DEAN C. LOGAN
Registrar-Recorder/County Clerk
County of Los Angeles

ORDINANCE NO. 1643

**AN ORDINANCE OF THE CITY OF EL SEGUNDO AMENDING
VARIOUS SECTIONS OF TITLES 3 AND 4 OF THE MUNICIPAL
CODE TO MODIFY BUSINESS LICENSE TAX CREDITS AND
CERTAIN BUSINESS LICENSE TAX RATES AND TAXING
METHODOLOGIES**

THE PEOPLE OF THE CITY OF EL SEGUNDO DO ORDAIN AS FOLLOWS:

Section 1. Section 3-2-4 of the El Segundo Municipal Code (“ESMC”) is repealed in its entirety and amended to read as follows:

“3-2-4: BUSINESS LICENSE TAX CREDIT:

- A. Tax Credit: A business subject to the tax imposed by this chapter is entitled to a tax credit against the tax imposed by section 4-2-4 of this chapter whenever it generates sales and/or use tax in the year immediately preceding the year in which the tax is due. The credit is applied to the business registration tax due for the following year.
- B. Percentage of Tax: The tax credit referred to in subsection A of this section, will equal up to forty percent of the sales or use tax generated by the business and received by the city during the twelve-month period ending on June 30 preceding the date the tax is due.
- C. Amount of Tax Credit: Under no circumstances can the amount of the tax credit for any year be calculated to be greater than the total amount of tax due for any year under this chapter.
- D. A business may only be granted business license tax credits under this section for the first three consecutive years after the initial year of issuance of the business license or such longer term as determined pursuant to subsection 3-2-3(C) of this chapter.
- E. In no event may a tax credit granted to any business pursuant to this section exceed a cumulative total of \$25,000.00. Any business that has received a business license tax credit totaling more than \$25,000.00 as of December 1, 2023, shall not be entitled to any additional business license tax credit under this section.”

Section 2. Section 4-1-7 of the ESMC is amended to read as follows:

“4-1-7: NONPROFIT AND CHARITABLE ORGANIZATIONS:

Nonprofit and charitable organizations not otherwise exempt from the payment of a business license fee pursuant to section 4-1-8 shall pay a business license fee of \$150 per year. The business license fee shall be subject to annual increases in accordance with section 4-2-1. The licensing authority may require any information or evidence necessary to establish nonprofit status.”

ORDINANCE NO. 1643
PAGE 1 of 12

Section 3. Section 4-1-8 of the ESMC is amended to read as follows:

“4-1-8: CONSTITUTIONAL AND STATUTORY EXEMPTIONS:

This Title shall not be construed to require the payment of a license fee by any person engaging in business when such person or business is exempt by virtue of the constitutions or applicable statutes of the United States or of the state of California.”

Section 4. Section 4-2-3 of the ESMC is repealed in its entirety and amended to read as follows:

“4-2-3: TAX CREDIT:

See Section 3-2-4.”

Section 5. Section 4-2-1 of the ESMC is amended to read as follows:

“4-2-1: FEES PAID TO CITY:

A. The amount of license fee to be paid to the city by persons commencing or conducting any business subject to this chapter are set forth in this chapter.

B. Beginning on January 1, 2025, license fees imposed in this title will be increased annually each January 1 on a percentage basis using the percentage increase in the consumer price index ("CPI") for all urban consumers as calculated by the United States department of labor, bureau of labor statistics, for the Los Angeles-Long Beach-Anaheim area, all items, calculated as follows:

1. The five most recent annual CPI percentages are added together and then divided by five to derive the five-year average CPI percentage ("ACPI"); and

2. The ACPI is multiplied by the amount of existing license fees. The product of that multiplication is added to the amount of the license fees imposed by the city for the previous calendar year.

3. For purposes of this section, an "annual CPI percentage" is the percentage change in CPI based upon comparing a twelve-month period ending on March 31 with the subsequent twelve-month period ending on March 31. For example, and without limitation, on January 1, 2025, the ACPI will be calculated using the five years of CPI percentages that include the following time periods: March 31, 2019 to March 31, 2020; March 31, 2020 to March 31, 2021; and calculated in the same manner for the subsequent years with the final and fifth year CPI percentage measured from March 31, 2023 to March 31, 2024.

C. Notwithstanding any other provisions of this code, license fees imposed in this chapter will be increased by a minimum of one cent (\$0.01) every two (2) calendar years.”

Section 6. Section 4-2-4(A)(1) of the ESMC is amended to read as follows:

“1. Employees: A basic tax of one hundred fifty (\$150.00) per year, which shall cover the first five (5) employees and one hundred thirty-eight dollars (\$138.00) per year for each employee in excess of five (5) employees; and”

Section 7. Section 4-2-4(A)(2) of the ESMC is amended to read as follows:

“2. Floor Area: In addition, each such person shall pay a tax per square foot of floor area occupied for a business purpose in excess of two thousand (2,000) square feet in accordance with the following chart.

TOTAL FLOOR AREA	RATE PER SQUARE FOOT
2,001 to 5,000	\$0.26
5,001 to 50,000	\$0.27
50,001 to 100,000	\$0.28
100,001 to 250,000	\$0.29
250,001 and above	\$0.30

A tax of fourteen cents (\$0.14) per square foot shall be imposed on vacant space available for rent or lease for business purposes, said fee to be payable by the person with the right to possession of the property; and”

Section 8. Section 4-2-7 of the ESMC is amended to read as follows:

“4-2-7: ADVERTISING:

A. Billboards Or Signboards: Every person engaged in the business of contracting, maintaining, using, or leasing billboards or signboards, or posting, sticking, tacking, or affixing or painting bills or signs, or both upon the same, shall pay a business license tax of one hundred fifty dollars (\$150.00) per annum for each such billboard or signboard.

B. Lights: Every person advertising by means of portable searchlights, or arc lights, or light producing apparatus or equipment, shall pay a business license tax of thirty-seven dollars and fifty cents (\$37.50) per quarter. The license shall be subject to compliance with all requirements of the traffic ordinances and regulations of the City.

C. Vehicle Signs: Every person advertising by means of portable signs mounted on vehicles, when not in connection with any business licensed under subsection D of this Section, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year. The license shall be subject to compliance with all requirements of the traffic ordinances and regulations of the City.

D. Sound Trucks: Every person advertising by means of sound trucks, portable loudspeakers, or sound-producing apparatus or equipment, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year. The license shall be subject to compliance with all requirements of the traffic ordinances and regulations of the City.”

Section 9. Section 4-2-8 of the ESMC is amended to read as follows:

“4-2-8: AGENTS, SOLICITORS AND SALESMEN:

Agents, solicitors, and salesmen selling or soliciting, or taking orders for the sale or furnishing of any paintings, pictures, portraits, photographs, orders for advertising or for any goods, wares, merchandise, or service at retail not otherwise provided for herein, when not in connection with any fixed place of business within the City licensed under this Title, shall pay a business license tax of forty five dollars (\$45.00) per day, or one hundred fifty dollars (\$150.00) per year for each agent, salesman, or solicitor. All such sales, solicitations and/or order taking are prohibited between the hours of six o'clock (6:00) P.M. and eight o'clock (8:00) A.M.”

Section 10. Section 4-2-9(A)(2) of the ESMC is amended to read as follows:

“2. Tax Amount: Every person operating an amusement center shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 11. Section 4-2-9(B) of the ESMC is amended to read as follows:

“B. Amusements Generally: Every person operating a business where an admission, fare, or fee is charged or made, or a collection or contribution is received (and which are not otherwise provided for in this Chapter) for entrance to amusements, such as exhibitions, shows, games, carnivals, rides, tent performances, merry-go-rounds, carousels, shoot-the-chutes, shooting galleries, Ferris wheels, pig slides, ball games, dart games, roller coasters, grunt derbies, whip rides, scooter rides, sideshows, illusions and other amusements, or concessions similar in character to those, or any of those hereinabove named, shall pay a business license tax of twenty-five dollars (\$25.00) per day, or one hundred fifty dollars (\$150.00) per month, and shall obtain a special permit from the City Council to do so prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.”

Section 12. Section 4-2-10(B) of the ESMC is amended to read as follows:

“B. Tax Amount: Every person owning an apartment house or apartment house complex shall pay a business license tax of one hundred fifty dollars (\$150.00) per year for up to the first three (3) dwelling units and one hundred fifty dollars (\$150.00) per year for each additional dwelling unit; provided, however, that the dwelling units used in computing the obligation to pay the business license tax

shall be the dwelling units rented or leased, and the dwelling units held for rent or lease shall not include a dwelling unit occupied by the owner.”

Section 13. Section 4-2-11 of the ESMC is amended to read as follows:

“4-2-11: AUTOMOBILE AND TRUCK WRECKING OR DISMANTLING:

Every person engaging in the business of automobile, truck wrecking or dismantling, and/or operating an automobile, truck wrecking or dismantling yard, and/or outdoor yard of similar character, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, and shall obtain a special permit from the City Council to do so prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.”

Section 14. Section 4-2-12 of the ESMC if amended to read as follows:

“4-2-12: BANKRUPT STOCK AND FIRE SALES:

Every person conducting bankrupt stock sales, fire sales, damaged goods sales, and sales of similar character (not at auction), shall pay a business license tax of thirteen dollars and fifty cents (\$13.50) per month, forty-five dollars (\$45.00) per quarter, or one hundred fifty dollars (\$150.00) per year, and shall obtain a special permit from the City Council to do so prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.”

Section 15. Section 4-2-13 of the ESMC is amended to read as follows:

“4-2-13: BARBERSHOPS:

Every person operating a barbershop shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 16. Section 4-2-14 of the ESMC is amended to read as follows:

“4-2-14: BEAUTY PARLORS:

Every person operating a beauty parlor and similar businesses shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 17. Section 4-2-15 of the ESMC is amended to read as follows:

“4-2-15: BILLIARD AND POOLROOMS:

Every person operating a billiard room and/or poolroom shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, which shall include the right to sell cigars, tobacco, soft drinks, chewing gum, and confections, subject to

first obtaining a special permit as provided by Sections 4-7-1 and 4-7-2 of this Title.”

Section 18. Section 4-2-16 of the ESMC is amended to read as follows:

“4-2-16: BOWLING ALLEYS:

Every person operating a bowling academy, bowling alley, bowling center, or similar business shall pay a business license tax of one hundred fifty dollars (\$150.00) basic, plus four dollars (\$4.00) per lane per year. A license granted under this Section shall include the right to sell bowling equipment, paraphernalia, and bowling apparel, but shall not include the right to conduct a cafe, restaurant, lunch counter, or refreshment, or confectionery stand or concession, or any other type of business, except as specifically authorized above.”

Section 19. Section 4-2-17(A) of the ESMC is amended to read as follows:

“A. A basic fee of one hundred fifty dollars (\$150.00) per year which shall cover the first five (5) employees.”

Section 20. Section 4-2-17(B) of the ESMC is amended to read as follows:

“B. One hundred thirty-eight dollars (\$138.00) per year for each employee in excess of five (5) employees.”

Section 21. Section 4-2-18 of the ESMC is amended to read as follows:

“4-2-18: CHRISTMAS TREE SALES:

Every person engaged in the business of Christmas tree sales shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 22. Section 4-2-19 of the ESMC is amended to read as follows:

“4-2-19: CIRCUSES, WILD WEST SHOWS OR SIDESHOWS:

Every person operating a circus or wild west show, not including any sideshows, shall pay a business license tax for the first day of two hundred dollars (\$200.00), and one hundred three dollars (\$103.00) per day thereafter. A sideshow shall pay a business license tax of one hundred fifty dollars (\$150.00) per sideshow for the first day, and fifty dollars (\$50.00) per sideshow per day for each day thereafter. Every such person shall obtain a special permit from the City Council to operate such circus, wild west show, or sideshow, prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.”

Section 23. Section 4-2-22(C) of the ESMC is amended to read as follows:

“C. Lathing And Plastering: Lathing and plastering contractors shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 24. Section 4-2-23 of the ESMC is amended to read as follows:

“4-2-23: DANCES AND DANCE SCHOOLS:

A. Public Dances: Every person conducting public dances, where an admission fee or per dance fee is charged, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, and shall obtain a special permit from the City Council to do so prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.

B. Other Dances: Every person engaged in a business where any cafe, restaurant, or any similar establishment affords its patrons the privilege or opportunity to dance, without charge for the dancing, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, and shall obtain a special permit from the City Council to do so prior to engaging in such activities. The City Council may condition such permit in any manner not prohibited by law.

C. Dancing School or Academy (Talent School): Every person conducting a dancing school or dancing academy, or talent school or talent academy, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 25. Section 4-2-24 of the ESMC is amended to read as follows:

“4-2-24: DELIVERY VEHICLES:

Every person engaged in a business not having a fixed place of business within the City which, in connection with said business, delivers any goods or services within the City shall pay a business license tax of one hundred fifty dollars (\$150.00) per year per vehicle.”

Section 26. Section 4-2-25 of the ESMC is amended to read as follows:

“4-2-25: DRIVE-IN THEATERS:

Every person operating a drive-in theater shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, but the license shall not include the right to conduct a cafe, restaurant, lunch counter, refreshment or confectionery, or like stand or concession, or any other type of business.”

Section 27. Section 4-2-26 of the ESMC is amended to read as follows:

“4-2-26: FOOD CATERERS (VEHICLE):

Every person conducting sales of food from a vehicle shall pay a business license tax of one hundred fifty dollars (\$150.00) per year per vehicle.”

Section 28. Section 4-2-27 of the ESMC is amended to read as follows:

“4-2-27: HOME OCCUPATIONS:

Every person engaged in a ‘home occupation’, as defined by the Zoning Ordinance of the City in Section 15-1-6 of this Code, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 29. Section 4-2-28 of the ESMC is amended to read as follows:

“4-2-28: HOTELS, MOTELS, AUTO COURTS AND LODGING HOUSES:

Every person engaged in the business of operating a hotel, motel, auto court, or lodging house shall pay a business license tax of one hundred fifty dollars (\$150.00) per year for up to the first three (3) rooms and one hundred fifty dollars (\$150.00) per year for each additional room.”

Section 30. Section 4-2-29 of the ESMC is amended to read as follows:

“4-2-29: JUNK COLLECTORS:

Every person engaged in the business of junk collection shall pay a business license tax of one hundred fifty dollars (\$150.00) per year for each vehicle used. ‘Person engaged in the business of junk collection’ as used herein, means a person engaged in the business of going from house to house, or from place to place, gathering, collecting, buying, selling, or otherwise dealing in old rags, sacks, bottles, cans, paper, or other articles commonly known as ‘junk’; provided, however, that any person licensed under the provisions of this Section shall not solicit for ‘free will offerings’ of such materials as are above enumerated, or referred to under the guise or representation that the same are being collected by or for any charitable, or other organization entitled to obtain a free permit, as provided for under other provisions of this Title. Provided, however, that the provisions of this Title relating to junk collectors shall not apply to official collectors of the City, or collectors specially authorized by the City Council to make the collections as a public service.”

Section 31. Section 4-2-30 of the ESMC is amended to read as follows:

“4-2-30: LAWN SERVICE AND WINDOW CLEANING:

Every person providing lawn service, gardening service, window cleaning service, and similar services, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 32. Section 4-2-31 of the ESMC is amended to read as follows:

“4-2-31: LOANS:

Every person engaged in the business of lending, financing, or money lending shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 33. Section 4-2-32(A) of the ESMC is amended to read as follows:

“A. A basic fee of one hundred fifty dollars (\$150.00) per year which shall cover the first five (5) employees;”

Section 34. Section 4-2-32(B) of the ESMC is amended to read as follows:

“B. One hundred thirty-eight dollars (\$138.00) per year for each employee in excess of five (5) employees;”

Section 35. Section 4-2-33 of the ESMC is amended to read as follows:

“4-2-33: MOTION PICTURES OR TELEVISION (COMMERCIAL USE):

Every person engaged in the motion picture or television production business not operating from a fixed place of business in the City, using either public or private property, shall pay a business license tax of one hundred fifty dollars (\$150.00) per day. Every person subject to this Section shall also obtain a permit pursuant to Chapter 11 of this Title.”

Section 36. Section 4-2-35(A) of the ESMC is amended to read as follows:

“A. Generally: Every person peddling services, not otherwise mentioned in this Chapter, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year, and shall obtain a special permit from the City to do so prior to engaging in such activities.”

Section 37. Section 4-2-35(B) of the ESMC is amended to read as follows:

“B. Food: Every person peddling foods, foodstuffs, and food products, other than from catering food trucks, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year where the person is on foot or where the same is sold from a vehicle, and shall obtain a special permit from the City to do so pursuant to Chapter 4-15 of this Code prior to engaging in such activities.”

Section 38. Section 4-2-36 of the ESMC is amended to read as follows:

**“4-2-36: REST, CONVALESCENT, GUEST AND FAMILY CARE HOMES;
CHILDCARE NURSERIES:**

A. Fee Imposed; State and Local Approval: Every person operating rest, convalescent, guest homes, and childcare service shall pay a business license tax of one hundred fifty dollars (\$150.00) per year. Every person operating a family care home shall pay a business license tax of one hundred fifty dollars (\$150.00) per year. No such license shall be issued without the written approval of:

1. The State Department of Social Services;
2. The County Health Officer;
3. The Chief of the Fire Department;
4. The Community, Economic and Development Services Director.

B. Inspection: All such establishments shall be subject to inspection by the City at any time.”

Section 39. Section 4-2-37 of the ESMC is amended to read as follows:

“4-2-37: RUBBISH OR GARBAGE COLLECTION:

Every person engaged in the operation of rubbish or garbage collection shall pay a business license tax of one hundred fifty dollars (\$150.00) per year for each vehicle used in the City.”

Section 40. Section 4-2-38 of the ESMC is amended to read as follows:

“4-2-38: SCHOOLS (PRIVATE):

Every person operating a private school shall pay a business license tax of one hundred fifty dollars (\$150.00) per year.”

Section 41. Section 4-2-39 of the ESMC is amended to read as follows:

“4-2-39: STREET STANDS:

Every person operating street stands for the selling of any goods, wares, or merchandise on any portion of the public streets within the City shall pay a business license tax of one hundred fifty dollars (\$150.00) per month; provided, that no license shall be issued for the stand until a permit has been obtained from the City Council, and that the application for the permit shall be accompanied by the written consent of the owner or occupant of the premises abutting immediately upon that portion of the street which the applicant desires to use; and further provided, that the City Council shall have the right to grant, conditionally grant, or deny the permit under this Section in its discretion.”

Section 42. Section 4-2-40 of the ESMC is amended to read as follows:

“4-2-40: TAXICAB OR AUTOMOBILE FOR HIRE:

Every person engaged in the business of providing taxicabs or automobiles for hire shall obtain a special permit from the City Council prior to engaging in such activities, and the City Council may condition such permit in any manner not prohibited by law. Permittee shall pay an annual business license tax of: a) one hundred fifty dollars (\$150.00) per year for each vehicle operated within the City limits; or b) a flat business license tax for the entire fleet of taxicabs or automobiles for hire of three hundred dollars (\$300.00) per year; whichever is greater.”

Section 43. Section 4-2-41 of the ESMC is amended to read as follows:

“4-2-41: THEATERS AND SHOWS:

Every person engaged in the business of operating a theater, motion picture show, playhouse, events, and all other shows or exhibitions (except those conducted in the open or under canvas) not otherwise provided for in this Chapter, shall pay a business license tax of one hundred fifty dollars (\$150.00) per year. Any such license, however, shall not include the right to conduct a cafe, restaurant, or lunch counter.”

Section 44. Section 4-2-43 of the ESMC is amended to read as follows:

“4-2-43: WAREHOUSES:

Every person engaged in the business of operating a warehouse or storage facility shall pay a license fee of one hundred fifty dollars (\$150.00) per year plus seventeen cents (\$0.17) per square foot of space used for such purpose for each business location within the city.”

Section 45. The City Council may, by resolution, suspend or reduce any tax imposed or modified by this Ordinance.

Section 46. Environmental Review. This ordinance is exempt from the California Environmental Quality Act, Public Resources Code Sections 21000 et seq. (“CEQA”) and 14 Cal. Code Regs. Sections 15000 et seq. (“CEQA Guidelines”). The calling and noticing of an election for the submission of a ballot measure to voters is not a project within the meaning of CEQA Guidelines 15378. The tax submitted to the voters is a general tax that can be used for any governmental purpose; it is not a commitment to any particular action or actions. As such, under CEQA Guidelines Section 15378 (b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue generated by the tax were used for a purpose that would have such an effect, the City of El Segundo would undertake the required CEQA review for that particular project. Therefore, CEQA analysis is not required.

Section 47. Severability. If any provision, section, paragraph, sentence, phrase, or word of the Ordinance is rendered or declared invalid, illegal, or unconstitutional by any final action in a court of competent jurisdiction or by reason of any preemptive legislation, such unconstitutionality, illegality, or invalidity shall only affect such provision, section, paragraph, sentence, phrase, or word and shall not affect or impair any remaining provisions, sections, paragraphs, sentences, phrases, or words, or the application of the Ordinance to any other person or circumstance, and to that end, the provisions hereof are severable. It is hereby declared to be the intention of the People of the City that that the Ordinance would have been adopted had such unconstitutional, illegal, or invalid provision, section, paragraph, sentence, phrase, or word not been included herein.

Section 48. Effective Date. This Ordinance shall become effective on December 1, 2023.

This Ordinance was approved and adopted by the People of the City of El Segundo at the City's November 8, 2022, statewide election.

This Ordinance was approved by Declaration of the vote by the City Council of El Segundo on December 13, 2022.

Drew Boyles, Mayor

ATTEST:

Tracy Weaver, City Clerk

Approved as to form:

Mark D. Hensley, City Attorney

ORDINANCE NO. 1644

**AN ORDINANCE OF THE CITY OF EL SEGUNDO,
CALIFORNIA ADDING CHAPTER 17 (CANNABIS
BUSINESS TAX) TO TITLE 4 OF THE EL SEGUNDO
MUNICIPAL CODE ESTABLISHING A TAX ON CANNABIS
AND HEMP BUSINESS ACTIVITIES WITHIN THE CITY**

THE PEOPLE OF THE CITY OF EL SEGUNDO DO ORDAIN AS FOLLOWS:

SECTION 1. CODE AMENDMENT. Chapter 17 is added to Title 4 of the El Segundo City Municipal Code to read as follows:

CHAPTER 17

- 4-17-1 Title.
- 4-17-2 Authority and purpose.
- 4-17-3 Intent.
- 4-17-4 Definitions.
- 4-17-5 Tax imposed.
- 4-17-6 Registration, reporting, and remittance of tax.
- 4-17-7 Payments and communications –timely remittance.
- 4-17-8 Payment – when taxes deemed delinquent.
- 4-17-9 Notice not required by City.
- 4-17-10 Penalties and interest.
- 4-17-11 Refunds and credits.
- 4-17-12 Refunds and procedures.
- 4-17-13 Personal cultivation not taxed.
- 4-17-14 Administration of the tax.
- 4-17-15 Appeal procedure.
- 4-17-16 Enforcement –action to collect.
- 4-17-17 Apportionment.
- 4-17-18 Constitutionality and legality.
- 4-17-19 Audit and examination of premises and records.
- 4-17-20 Other licenses, permits, taxes or charges.
- 4-17-21 Payment of tax does not authorize unlawful business.
- 4-17-22 Deficiency determinations.
- 4-17-23 Failure to report – nonpayment, fraud.
- 4-17-24 Tax assessment –notice requirements.
- 4-17-25 Tax assessment – hearing, application, and determination.
- 4-17-26 Relief from taxes-disaster relief.
- 4-17-27 Conviction for violation – taxes not waived.
- 4-17-28 Violation deemed misdemeanor.
- 4-17-29 Severability.
- 4-17-30 Remedies cumulative.
- 4-17-31 Amendment or modification.

4-17-1 Title.

This ordinance shall be known as the Cannabis Business Tax Ordinance. This ordinance shall be applicable in the City of El Segundo, California which shall be referred to herein as "City."

4-17-2 Authority and Purpose.

The purpose of this Ordinance is to adopt a tax, for revenue purposes, pursuant to Sections 37101, and 37100.5 of the Revenue and Taxation Code, upon cannabis and hemp businesses that engage in business in the City. The Cannabis Business Tax is levied based upon business gross receipts except for commercial cannabis cultivation or commercial industrial hemp cultivation which shall be taxed on square footage. It is not a sales and use tax, a tax upon income, or a tax upon real property and shall not be calculated or assessed as such. The Cannabis Business Tax shall not be separately identified or otherwise specifically assessed or charged to any member, customer, patient, or caretaker. The Cannabis Business Tax is a general tax enacted solely for general, governmental purposes of the City 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 lawful City purpose.

4-17-3 Intent.

The intent of this Ordinance is to levy a tax on all cannabis or industrial hemp businesses that operate in the City, regardless of whether such business would have been legal at the time this chapter 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.

4-17-4 Definitions.

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

- A. An "arm's length transaction" is a sale entered into in good faith and for valuable consideration at a sales price that reflects the fair market value in the open market between two informed and willing parties, neither under any compulsion to participate in the transaction.
- B. "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.
- C. "Calendar year" means January 1 through December 31, of the same year.
- D. "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" shall not include "industrial hemp," unless otherwise specified.

E. "Cannabis product" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product. "Cannabis product" also means cannabis products as defined by Section 11018.1 of the California Health and Safety Code and is not limited to medicinal cannabis products.

F. "Canopy" means all areas occupied by any portion of a cannabis or industrial hemp plant whether contiguous or noncontiguous on any one site. When 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.

G. "Cannabis business" means any business activity involving cannabis or industrial hemp, including but not limited to cultivating, transporting, distributing, manufacturing, compounding, converting, processing, preparing, storing, packaging, delivering, testing, dispensing, retailing, and wholesaling of cannabis, cannabis products, industrial hemp, industrial hemp products or of ancillary products and accessories, whether or not carried on for gain or profit.

H. "Cannabis business tax" means the tax due pursuant to this chapter for engaging in a cannabis business in the City.

I. "Commercial cannabis cultivation" means cultivation of cannabis or industrial hemp undertaken in the course of conducting a cannabis business.

J. "Commercial cannabis permit" means a permit, license, certificate, or other approval issued by the City to a person to authorize that person to operate a cannabis business or engage in business as a cannabis business within the City.

K. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis or industrial hemp and includes, but is not limited to, the operation of a nursery.

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, which is the period used by the City for financial reporting and budgeting.

P. "Gross Receipts," except as otherwise specifically provided, means, whether designated as a sales price, royalty, rent, membership fee, ATM service fee, delivery fee, slotting fee, any other fee, vaping room service charge, commission, dividend, or other designation, the total amount (including all receipts, cash, credits, services 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. In the event the business is involved in a "non-arms" length transaction the gross receipts will be subject to the fair market value using a methodology approved by the Tax Administrator. However, the following shall be excluded from Gross Receipts:

1. Cash discounts were 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 located in the City of El Segundo and if authorized by the Tax Administrator in writing in accordance with Section 4-17-14 (B);

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;

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 Tax Administrator 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 non-cannabis products, such as t-shirts, sweaters, hats, stickers, key chains, bags, books, posters, rolling papers, cannabis accessories such as pipes, pipe screens, vape pen batteries (without cannabis or industrial hemp) or other personal tangible property which the Tax Administrator has excluded in writing by issuing an administrative ruling per Section 4-17-14 shall not be subject to the cannabis business tax under this chapter.

10. Payments made by the tax-reporting cannabis business (Seller) to a cannabis business (Buyer) for the difference in the original acquisition price and subsequent renegotiated or finalized selling price of products or services sold to a specific end customer. This type of transaction is referred to as a "Billback". The tax-reporting cannabis business must provide supporting documentation to substantiate the transaction in order to be eligible for an exemption.

11. Any business which sells industrial hemp and/or hemp products or offers services or activities related to industrial hemp or hemp products and /or which is not required to obtain a cannabis or industrial hemp permit or license from the City or the State for the purpose of cultivating, growing, drying, curing, manufacturing, processing, packaging, transporting, distributing, testing or selling

of industrial hemp either wholesale or retail shall be exempt from the cannabis tax provided that such business does not generate more than 50% of their total gross receipts in the reporting period from the business from industrial hemp activities. However, the exemption may be amended by the City Council by resolution or ordinance pursuant to Section 4-17-5 (B) to increase or decrease the percentage of the business's hemp and/or hemp products gross receipts reporting from zero to one hundred percent. To the extent the gross receipts from the hemp activities do not meet the relevant percentage to be included, this exclusion shall reduce the gross receipts to zero for the sole purpose of calculating the cannabis tax.

Q. "Industrial hemp" means a crop that is limited to types of the plant *Cannabis sativa* L. having no more than three-tenths of 1 percent tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom. However, should the federal or state legislative body increase or decrease the percentage of tetrahydrocannabinol (THC) then this new limit shall be applicable to the tax unless modified by resolution or ordinance of the City Council pursuant to Section 4-17-31.

R. "Industrial hemp products" means any raw hemp that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product. "Hemp product" also means hemp products as defined by Section 11018.5 of the California Health and Safety Code.

S. "Lighting" means a source of light that is primarily used for promoting the biological process of plant growth. Lighting does not include sources of light that primarily exist for the safety or convenience of staff or visitors to the facility, such as emergency lighting, walkway lighting, or light admitted via small skylights, windows, or ventilation openings.

T. "Medicinal cannabis" or "medicinal cannabis product" means cannabis or a cannabis product, intended to be sold or sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code, for a medicinal cannabis patient in California who possesses a physician's recommendation, or a cannabis card issued pursuant to Health and Safety Code Section 11362.71.

U. "Nursery" means a facility or part of a facility that is used only for producing clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis or industrial hemp.

V. A "non-arm's length transaction" is a transaction that does not meet the definition of an "arm's length transaction." In other words, the transaction is not a sale entered into in good faith and that reflects fair market value in the open market. One example of a non-arm's length transaction would be when a cultivator sells cannabis goods to a cannabis distributor at a sales price that is lower than what the same cultivator would to other cannabis distributors, or which does not reflect the fair market value in the open market.

W. “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.

X. “Processing” means a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis, industrial hemp and nonmanufactured cannabis products.

Y. “Retailer” means a person as defined in Section 4-17-4 (W) who sells cannabis, cannabis products, hemp and/or hemp products at their place of business or by delivery to an end user or customer for use or consumption rather than to another person or business for resale.

Z. “Sale” “Sell” and “to sell” means and includes any sale, exchange, or barter either as a retailer or wholesaler by a person as defined by Section 4-17-4 (W) . It shall also mean any transaction whereby, for any consideration, title to cannabis, cannabis products, industrial hemp and/or industrial hemp products are transferred from one person to another and includes the delivery of cannabis, cannabis products, industrial hemp and/or industrial hemp products pursuant to an order placed for the purchase of the same, but does not include the return of cannabis, cannabis products, industrial hemp and/or industrial hemp products to the licensee from whom the cannabis, cannabis product, industrial hemp and/or industrial hemp product was purchased.

AA. “State” means the State of California.

AB. “State license,” “license,” or “registration” means a state license issued pursuant to California Business & Professions Code Section 26050, and all other applicable state laws, required for operating a cannabis business.

AC. “Tax Administrator” means the City Manager of the City of El Segundo or his/her designee(s).

AD. “Testing Laboratory” means a cannabis business that (i) offers or performs tests of cannabis, cannabis products, industrial hemp and/or industrial hemp products (ii) offers no service other than such tests, (iii) sells no products, excepting only testing supplies and materials, (iv) is accredited by an accrediting body that is independent from all other persons involved in the cannabis industry in the state and (v) is registered with the Department of Cannabis Control or other state agency.

4-17-5 Tax Imposed.

A. Beginning January 1, 2023, there is imposed upon each person who is engaged in business as a cannabis business a cannabis business tax. Such tax is payable regardless of whether the person has been issued a commercial cannabis business license, permit, or certificate to operate lawfully in the City or is operating unlawfully. The City’s acceptance of a cannabis business tax payment from a cannabis business operating illegally

shall not constitute the City's approval or consent to such illegal operations.

- B. The City Council may, by resolution or ordinance, increase or decrease the rate of the cannabis business tax, including the initial rate of cannabis business tax. The City Council may, by resolution or ordinance, increase or decrease the rate of the medicinal cannabis business tax, including the initial rate of the medicinal cannabis business tax, independent of other cannabis business tax activities. In addition, the City Council may, by resolution or ordinance, increase or decrease the rate of the cannabis business tax on hemp or hemp products, including the initial rate of the tax on hemp or hemp products independent of other cannabis activities. Notwithstanding the foregoing, in no event shall the City Council repeal this tax or set any adjusted rate that exceeds the maximum rates calculated pursuant to this chapter.
- C. The maximum rate of the cannabis business tax shall be calculated as follows:
1. For every person engaged in commercial cannabis cultivation, including cultivation of industrial hemp, in the City:
 - a. Through January 1, 2026, the annual maximum rate shall be:
 - i. Twenty dollars (\$20.00) per square foot of canopy space in a facility that uses exclusively artificial lighting.
 - ii. Fourteen dollars (\$14.00) per square foot of canopy space in a facility that uses a combination of natural and supplemental lighting as defined in Section 4-17-4 (S) of this chapter.
 - iii. Eight dollars (\$8.00) per square foot of canopy space in a facility that uses no artificial lighting.
 - iv. Four dollars (\$4.00) per square foot of canopy space for any nursery.
 - b. On January 1, 2026 and on each January 1, thereafter, the maximum annual tax rates specified in Subsection 4-17-5 (C) (1) (a), shall increase by the percentage increase in the Consumer Price Index ("CPI") for consumers in the Los Angeles-Riverside-Orange County area 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 subsection shall be made.
 2. For every person engaged in the operation of a testing laboratory for cannabis, cannabis products, industrial hemp and/or industrial hemp products the person shall be subject to the maximum tax rate not to exceed two percent (2%) of gross receipts.

3. For every person engaged in retail sales of cannabis, cannabis products, industrial hemp, and/or industrial hemp products, including as a retailer (dispensary) or non-storefront retailer (retail delivery business), or microbusiness, the person shall be subject to the maximum tax rate not to exceed ten percent (10%) of gross receipts.

4. For every person engaged in distribution of cannabis, cannabis products, industrial hemp and/or industrial hemp products, the person shall be subject to the maximum tax rate not to exceed ten percent (10%) of gross receipts.

5. For every person engaged in manufacturing or processing of cannabis, cannabis products, industrial hemp and/or industrial hemp products, or any other type of cannabis business not described in Section 4-17-5 (C) (1), (2), (3), or (4) the person shall be subject to the maximum tax rate not to exceed ten percent (10%) of gross receipts.

- D. Persons subject to the cannabis business tax shall register with the City and if applicable pay the registration fee adopted by resolution or ordinance by the City Council.

4-17-6 Registration, reporting and remittance of tax.

- A. Registration of Cannabis Business. All cannabis businesses shall be required to annually register as follows:

1. All persons engaging in business as a cannabis business, whether an existing, newly established or acquired business shall register with the Tax Administrator within thirty (30) calendar days of commencing operation and shall annually renew such registration within 30 calendar days of the business registration anniversary date of each year thereafter. In registering, such persons shall furnish to the Tax Administrator a sworn statement, upon a form prescribed by the Tax Administrator, setting forth the following information:
 - i. The name of the business
 - ii. The names and addresses of each owner
 - iii. The exact nature or kind of business;
 - iv. The place where such business is to be carried on; and
 - v. Any additional information which the Tax Administrator may require.

- B. An annual registration fee in accordance with the current and approved City fee schedule shall be presented with the sworn statement submitted under this chapter. This fee shall not be considered a tax as described in Section 4-1-4 and may be adjusted annually by resolution or ordinance of the City Council.
- C. The cannabis business tax imposed by this chapter shall be paid, in arrears, on a monthly basis. Each person owing a cannabis business tax shall on or before the last day of the month following the close of each month file with the Tax Administrator a statement (“tax statement”) of the tax owed for that calendar month and the basis for calculating that tax. The Tax Administrator may require that the tax statement be submitted on a form prescribed by the Tax Administrator. The tax for each calendar month shall be due and payable on the same date that the tax statement is due.
- D. Upon cessation of a cannabis business, tax statements and payments shall be immediately due for all calendar months up through the calendar month during which cessation occurred.
- E. In the event that there is a change in ownership of any cannabis business:
 - a. The new owner is required to submit an updated registration form to the Tax Administrator;
 - b. The new owner is subject to an audit by the Tax Administrator; and
 - c. Unless otherwise provided by law, it is the joint and several liability of both the seller and buyer to remit any taxes, interest, penalties, and fees due up until the date of sale; otherwise, enforcement action may be taken pursuant to Section 4-17-16 of this chapter against both the seller and/or buyer in an amount to be determined by the Tax Administrator.
- F. The Tax Administrator may, at his or her discretion, establish alternative reporting and payment periods for any taxpayer as the Tax Administrator deems necessary to ensure effective collection of the cannabis business tax. The Tax Administrator may also require that a deposit, to be applied against the taxes for a calendar month, be made by a taxpayer at the beginning of that calendar month. 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 month. The Tax Administrator may require that a taxpayer make payments via a cashier’s check, money order, wire transfer, or similar instrument.

4-17-7 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 due date. A postmark will not be accepted as timely remittance. If the due date would fall on a Saturday, Sunday

or a holiday observed by the City, the due date shall be the next regular business day on which the City is open to the public.

4-17-8 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 4-17-6 and 4-17-7.

4-17-9 Notice not required by the City.

The City may as a courtesy send a tax notice to the cannabis business which owes the City a cannabis business tax. 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.

4-17-10 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%) 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%) per month on the unpaid tax and on the unpaid penalties.

3. Interest shall be applied at the rate of one percent (1%) 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 chapter, and any other amount allowed under state law.

C. The Tax Administrator may waive the penalties imposed upon any person under this Section 4-17-10 if:

1. The person requests a waiver of penalties by submitting a written request for waiver to the Tax Administrator no later than June 30 of the second fiscal year following the fiscal year in which the tax became delinquent; and

2. The person provides evidence satisfactory to the Tax Administrator that the failure to pay timely was due to circumstances beyond the control of the person and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect; and the person paid the delinquent taxes, penalties, accrued interest, and fees owed prior to applying to the Tax Administrator for a waiver.

D. The waiver provisions specified in Section 4-17-10 (C) shall not apply to interest accrued on the delinquent taxes and a waiver shall be granted only once during any twenty-four month period. The Tax Administrator's decision on a request for a waiver of penalties is final and conclusive and not subject to appeal under Section 4-17-15.

4-17-11 Refunds and credits.

A. No refund shall be made of any tax collected pursuant to this chapter, except as provided in Section 4-17-12.

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.

4-17-12 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 signed under the penalty of perjury is filed with the Tax Administrator within one (1) year of the date the tax was originally due or paid, whichever came first. A person may only file a claim for refund if the person paid the tax. No person shall be entitled to a refund unless the person can support the claim by written records sufficient to show entitlement thereto. The Tax Administrator's decision on a claim for refund is final and conclusive and not subject to appeal under Section 4-17-15.

B. The Tax Administrator, his or her designee which may include a third party, 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 requested by the Tax Administrator to do so. The Tax Administrator may collect a fee adopted by resolution by the City Council to pay for the cost of examination and audit should the books and records be provided in a form insufficient to allow the Tax Administrator to make a determination on the claim for refund.

C. In the event that the cannabis business tax was erroneously paid in an amount in excess of the tax due, and the error is attributable to the City, the City shall refund the amount of tax erroneously paid; provided that (i) a claim for refund has been

timely filed with the Tax Administrator; and (ii) the refund cannot exceed, under any circumstance, the amount of tax overpaid during the twelve months preceding the last month for which the claim states the tax was overpaid.

4-17-13 Personal Cultivation Not Taxed.

The provisions of this chapter shall not apply to personal cannabis cultivation or personal use of cannabis, to the extent those activities are authorized in the “Medicinal and Adult Use Cannabis Regulation and Safety Act,” as may be amended. 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 provided that the individual receives no compensation whatsoever related to that personal cultivation or use.

4-17-14 Administration of the tax.

A. It shall be the duty of the Tax Administrator to collect the taxes, interest, 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 cannabis business 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 under and enforce collection pursuant to this chapter.

4-17-15 Appeal procedure.

A taxpayer aggrieved by a decision of the Tax Administrator with respect to the amount of tax, interest, penalties, and fees, if any, due under this chapter may appeal

only if a hearing was requested and attended pursuant to Section 4-17-25. An appeal may be made by filing a notice of appeal with the City Clerk within thirty (30) calendar days of the serving or mailing of the Tax Administrator's decision of the amount due. Upon receipt of a timely notice of appeal, the City Clerk, or his or her designee, shall fix a time and place for hearing such appeal with a hearing officer or other appointed body by the City Council. The City Clerk, or his or her designee, shall give at least ten (10) calendar days' notice of the appeal hearing in writing to such taxpayer at the last known place of address. The hearing officer shall render a written decision that shall be served on the taxpayer at the last known place of address. The decision of the hearing officer shall be final and conclusive. Any amount found to be due by the hearing officer shall be immediately due and payable upon the service of the decision. If no notice of appeal is filed within the time prescribed in this Section, the Tax Administrator's decision with respect to the amount of tax, interest, penalties, and fees due is final and conclusive.

4-17-16 Enforcement - action to collect.

A. Any taxes, interest, 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 chapter 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, interest, penalties, and/or fees imposed by this chapter or the failure to comply with any of the provisions of this chapter.

4-17-17 Apportionment.

If a person subject to the tax is operating both within the City 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.

4-17-18 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 Constitutions of the United States or the State of California 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.

4-17-19 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 or his/her designees which may include a third party shall have the power to inspect any location where commercial cannabis activity occurs and to audit and examine all books and records (including, but not limited to bookkeeping records, access to space utilized for cannabis related activities. METRC data, and/or point-of-sale data, state and/or federal income tax returns, excise 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, or his/her designees which may include a third party shall have the power to inspect space utilized for cannabis related activities, any equipment or software, such as computers, software systems, platforms, and databases (including METRC), and/or point of sale systems, to include any keys or access codes for access to and use of the equipment and/or software, 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 which may include a third party shall have the right to inspect at all reasonable times.

4-17-20 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 commercial cannabis permit, City license, permit, or other certificate 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 under 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, permits, certificates, taxes, fees, or charges, or to any schedule of license, permit, certificate, or fees, shall be deemed to refer to the licenses, permits or certificates, and their respective taxes, fees or charges, or schedule of fees, provided for in other Chapters of this code.

B. A commercial cannabis permit issued under the El Segundo Municipal Code may be revoked, suspended or not renewed in the event that the business holding that permit has failed to (i) make a deposit required by the Tax Administrator pursuant to Section 4-17-6 or (ii) timely pay all taxes, interest and penalties owed by that business under this chapter.

4-17-21 Payment of tax does not authorize unlawful business.

A. The payment of a cannabis business tax required by this chapter, and 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 this code and all other applicable state 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, or any business in violation of any local or state law.

4-17-22 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 cannabis business, a deficiency determination may be made at any time within three (3) years thereafter as to any liability arising from engaging in such cannabis 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 Sections 4-17-24 and 4-17-25.

4-17-23 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 cannabis 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 payable under 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 provision 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. The notice shall state that the person has thirty (30) calendar days from the date of the notice to make a written request for an informal hearing before the Tax Administrator. The notice shall also state that if the person fails to timely request an informal hearing within the time allowed, the amount determined by the Tax Administrator is final and conclusive and is immediately due and payable.

4-17-24 Tax assessment - notice requirements.

The notice of assessment shall be served upon the person either by personal delivery, by overnight delivery by a nationally-recognized courier service, 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 purpose of Section 4-17-24, a service by overnight delivery shall be deemed to have occurred one (1) calendar day following deposit with a courier and service by mail shall be deemed to have occurred three (3) days following deposit in the United States mail.

4-17-25 Tax assessment - hearing, application, and determination.

Within thirty (30) calendar days after the date of service of the notice of assessment the person may apply in writing to the Tax Administrator for an informal hearing on the assessment. If application for an informal hearing is not made within the time herein prescribed, the tax assessed by the Tax Administrator shall become final and conclusive. Within thirty (30) calendar days of the receipt of any such application for an informal hearing, the Tax Administrator shall cause the matter to be set for an informal hearing before him or her, or his/her designee, no later than thirty (30) calendar days after the receipt of the application, unless a later date is agreed to by the Tax Administrator and the person requesting the informal hearing. Notice of such informal hearing shall be given by the Tax Administrator to the person requesting such informal hearing no later than five (5) calendar days prior to such informal hearing. A hearing under this section shall be informal and need not follow any formal rules of evidence. 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 (if necessary) the proper amount of tax, interest, penalties, and fees to be charged and shall give written notice of the decision to the person in the manner prescribed in Section 4-17-24 for giving notice of assessment. No appeal of a notice of assessment may be made under Section 4-17-15 unless an informal hearing is timely requested and the person attends the hearing. If the person fails to appear at the informal hearing, the amount due determined by the Tax Administrator in the notice of assessment is final and conclusive.

4-17-26 Relief from taxes – disaster relief.

A. If a person is unable to comply with any tax requirement imposed under this chapter due to a disaster impacting its cannabis business, the person may notify the Tax Administrator of its inability to comply and request relief from the tax requirement. For purposes of this chapter, "disaster" means fire, flood, storm, tidal wave, earthquake, or similar public calamity resulting in physical damage to real property, whether or not resulting from natural causes.

B. The person shall provide any information required by the Tax Administrator including, without limitation, why relief is requested, the time period for which the relief is requested, and the reason relief is needed for the specific amount of time. The person agrees to grant the Tax Administrator or his/her designee access to the location where the cannabis business has been impacted due to a disaster.

C. The Tax Administrator, in his/her sole discretion, may provide relief from the cannabis business tax requirement for businesses whose operations have been impacted by a disaster if such tax relief does not exceed ten thousand (\$10,000) dollars. Such temporary relief may be granted for a reasonable amount of time, in the Tax Administrator's sole discretion, and the amount and duration of relief should be based upon how long it would reasonably take for the cannabis business to recover from the disaster. The Tax Administrator may require that the cannabis business follow certain conditions to receive temporary relief from the cannabis business tax requirement. The Tax Administrator's decision on a request for relief and the conditions that may be imposed for relief under this section are final and conclusive and not subject to appeal under Section 4-17-15.

4-17-27 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.

4-17-28 Violation deemed misdemeanor.

Any person violating any of the provisions of this chapter shall be guilty of a misdemeanor.

4-17-29 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.

4-17-30 Remedies cumulative.

All remedies and penalties prescribed by this chapter, or which are available under any other provision of this 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.

4-17-31 Amendment or modification.

Except as set forth in Section 4-17-31, this chapter may be amended or modified but not repealed by the City Council without a vote of the people. However, as required by Article XIII C of the California Constitution, voter approval is required for any amendment that would expand, extend, or increase the rate of any tax levied pursuant to this chapter beyond the maximums set forth in this chapter. The people of the City of El Segundo affirm that the following actions shall not constitute an increase of the rate of a tax:

A. The restoration or adjustment of the rate of the tax to a rate that is no higher than that allowed by this chapter, in those circumstances where, among others, the City Council has previously acted to reduce the rate of the tax or is incrementally implementing an increase authorized by this chapter;

B. An action that interprets or clarifies (i) the methodology of applying or calculating the tax or (ii) any definition applicable to the tax, so long as the interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the provisions of this chapter; or

C. The collection of the tax imposed by this chapter even if the City had, for some period of time, failed to collect the tax.

SECTION 2. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The people of the City of El Segundo hereby declare that they would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

SECTION 3. ENVIRONMENTAL COMPLIANCE. The City Council hereby finds and determines that this resolution or ordinance is exempt from the California Environmental Quality Act, Public Resources Code Sections 21000 et seq. (“CEQA”) and 14 Cal. Code Re. Sections 15000 et seq. (“CEQA Guidelines”). The calling and noticing of an election for the submission of a ballot measure to voters is not a project within the meaning of CEQA Guidelines 15378. The tax submitted to the voters is a general tax that can be used for any governmental purpose; it is not a commitment to any particular action or actions.

As such, under CEQA Guidelines Section 15378 (b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue generated by the tax were used for a purpose that would have such an effect, the City of El Segundo would undertake the required CEQA review for that particular project. Therefore, pursuant to CEQA Guideline Section 15060 CEQA analysis is not required.

SECTION 4. EFFECTIVE DATE. Pursuant to the California Constitution, Article XIII C(2)(b) and California Elections Code § 9217, if a majority of the voters voting in the election on this measure vote in favor of the adoption of this measure, this ordinance shall be deemed valid and binding and shall be considered adopted upon the date that the vote is declared by the City Council and shall go into effect ten (10) days after that date.

This Ordinance was approved and adopted by the People of the City of El Segundo at the City’s November 8, 2022 statewide election.

This Ordinance was approved by Declaration of the vote by the City Council of El Segundo on December 13, 2022.

Drew Boyles, Mayor

ATTEST:

Tracy Weaver, City Clerk

Approved as to form:

Mark D. Hensley, City Attorney



City Council Agenda Statement

Meeting Date: December 13, 2022

Agenda Heading: Reports - City Clerk

Item Number: B.2

TITLE:

Administer Oath of Office to Council Members Elect

RECOMMENDATION:

1. The City Clerk presents the Certificate of Election and administers the oath of office to City Council Members Elect.
2. Comments from newly seated Council Members, Christopher Pimentel and Ryan W. Baldino.
3. Alternatively, discuss and take other action related to this item.

FISCAL IMPACT:

None

BACKGROUND:

Election Code § 10265 requires the City Clerk, serving as the elections official, to immediately sign and deliver to each newly elected officer a Certificate of Election. The elections official is also required to administer to each person elected the Oath of Office prescribed in the California Constitution.

The following candidates were elected to the two (2) City Council Member seats:

1. Christopher Pimentel
2. Ryan W. Baldino

DISCUSSION:

Administer Oath of Office

December 13, 2022

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CITY STRATEGIC PLAN COMPLIANCE:

Goal 1: Enhance Customer Service, Diversity, Equity, Inclusion and Communication

Objective 1 B: El Segundo's engagement with the community ensures excellence.

PREPARED BY:

Tracy Weaver, City Clerk

REVIEWED BY:

Tracy Weaver, City Clerk

APPROVED BY:

Tracy Weaver, City Clerk

ATTACHED SUPPORTING DOCUMENTS:

None



City Council Agenda Statement

Meeting Date: December 13, 2022

Agenda Heading: Reports - City Clerk

Item Number: B.3

TITLE:

Election of Mayor and Mayor Pro Tem by Seated Council Members

RECOMMENDATION:

1. City Clerk receives nominations for Mayor from Council Members. Nominations do not require a second from another Council Member. The nominations will be voted on in the order they are made. If a nomination is approved by a majority of the Council, the person nominated becomes the Mayor and the process is concluded.
2. The newly appointed Mayor receives nominations for Mayor Pro Tem from Council Members. Nominations do not require a second from another Council Member. The nominations will be voted on in the order they are made. If a nomination is approved by a majority of the Council, the person nominated becomes the Mayor Pro Tem and the process is concluded.
3. Alternatively, discuss and take other action related to this item.

FISCAL IMPACT:

None

BACKGROUND:

Government Code § 36801 and El Segundo Municipal Code § 1-4-2 require the City Council to choose one of its members as Mayor and one of its members as Mayor Pro Tempore at the meeting at which the declaration of the election results for a General Municipal Election is made, following the declaration of the election results and the installation of elected officials.

DISCUSSION:

Election of Mayor and Mayor Pro Tem

December 13, 2022

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The City Clerk must record nominations for Mayor and Mayor Pro Tem and will confirm acceptance of each nomination for Mayor and put each nominee's name to a vote in the order of the nominations received. Once the Mayor is approved, the Mayor will open the nominations for Mayor Pro Tem and put each nominee's name to a vote in the order of the nominations received.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 1: Enhance Customer Service, Diversity, Equity, Inclusion and Communication

Objective 1 B: El Segundo's engagement with the community ensures excellence.

PREPARED BY:

Tracy Weaver, City Clerk

REVIEWED BY:

Tracy Weaver, City Clerk

APPROVED BY:

Tracy Weaver, City Clerk

ATTACHED SUPPORTING DOCUMENTS:

None