

RESOLUTION NO. 2024-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A CONSOLIDATED MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 5, 2024, REGARDING THE BALLOT MEASURE TITLED “CITY OF CANYON LAKE PUBLIC SAFETY FUNDING ORDINANCE”; AND REQUESTING THE COUNTY OF RIVERSIDE REGISTRAR OF VOTERS TO CONSOLIDATE SAID ELECTION WITH THE CITY’S PREVIOUSLY CALLED CONSOLIDATED GENERAL MUNICIPAL ELECTION; DIRECTING PREPARATION OF AN IMPARTIAL ANALYSIS; AND PERMITTING THE FILING OF BALLOT ARGUMENTS

WHEREAS, on May 2, 2024, proponents of an initiative measure entitled “City of Canyon Lake Public Safety Funding Ordinance” (“Initiative”) presented signed petition sections to the City Clerk of the City of Canyon Lake (“City Clerk”) for filing; and

WHEREAS, the County of Riverside Registrar of Voters (“County ROV”) verified the signatures on the petition and certified the Initiative as sufficient; and

WHEREAS, on June 12, 2024, the City Council for the City of Canyon Lake (“City Council”) called a general municipal election to be held on November 5, 2024, for the election of Municipal Officers; and

WHEREAS, the City Council is required by statute to call the election for the Initiative and desires to consolidate the Initiative with the City of Canyon Lake’s previously called Consolidated General Municipal Election to be held on Tuesday, November 5, 2024.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. Pursuant to the requirements of the laws of the State of California relating to general law cities, the City Council hereby calls and orders a general municipal election of the City of Canyon Lake (“City”) to be conducted on Tuesday, November 5, 2024, for the purpose of submitting the proposed ordinance, attached hereto as Exhibit “A”, and incorporated herein by reference.

Section 3. The City Council does hereby order that the proposed ordinance shall be presented and printed upon the November 5, 2024, ballot and submitted to the qualified voters in substantially the following form:

<p>City of Canyon Lake Public Safety Funding Ordinance; to provide funding that may only be used for police, fire, 911 response, and other public safety services, shall a measure restricting the use of already existing utility users taxes on water and sewer services and emergency medical service subscription/response fees as well as establishing a 0.75% transactions and use (sales) tax and a 6% retail cannabis tax, providing approximately [Amount] annually until ended by voters, be adopted?</p>	<p>YES</p>
	<p>NO</p>

Section 4. That the vote requirement for the Initiative to pass is a majority of the votes cast.

Section 5. Election Procedures.

- a. That pursuant to the requirements of Elections Code section 10403, the County ROV is hereby requested to consent and agree to the consolidation of the Initiative with the City’s previously consolidated general municipal election, and the Statewide general election on Tuesday, November 5, 2024.
- b. That the ballots to be used at the election shall be in the form and content as required by law.
- c. The City shall reimburse the County ROV for necessary costs associated with the administration of the election upon presentation to the City of a properly approved invoice.
- d. That the vote centers for the election shall be open at such hours and on such days as determined by the County ROV provided that the opening and closure of voting sites is conducted in accordance with Sections 10242, 14212, and 14401 of the Elections Code of the State of California.
- e. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.
- f. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

Section 6. Impartial Analysis.

- a. The City Clerk is directed to transmit a copy of the Initiative to the City Attorney, and the City Attorney shall prepare an impartial analysis of the Initiative not exceeding 500 words showing the effect of the Initiative on the existing law and

the operation of the Initiative. The impartial analysis shall be prepared no later than August 19, 2024.

- b. The analysis shall include a statement indicating whether the Initiative was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the city.
- c. In the event the entire text of the Initiative is not printed on the ballot, nor in the voter information portion of the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-point type, the following: "The above statement is an impartial analysis of the City of Canyon Lake Public Safety Funding Ordinance. If you desire a copy of the Ordinance, please call the City Clerk at 951-244-2955 and a copy will be mailed at no cost to you."

Section 7. Arguments For and Against.

- a. Any person, including any member of the City Council, may file written arguments in favor of or against the Initiative not exceeding 300 words, accompanied by the printed names and signatures of the authors submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California. The arguments may be changed or withdrawn until and including the date fixed by the City Clerk after which no arguments for or against the Initiative may be submitted to the City Clerk.
- b. The arguments shall be filed with the City Clerk, signed, with the printed names and signatures of the authors submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument.
- c. The arguments in favor or against the Initiative shall be filed with the City Clerk on or before 5:00 p.m. on August 19, 2024, after which no arguments for or against the Initiative may be submitted to the City Clerk.

Section 8. Rebuttals.

- a. That pursuant to Elections Code section 9285, when the City Clerk has selected the arguments for and against the Initiative (not exceeding 300 words each), which will be printed and distributed to the voters, the City Clerk shall send a copy of an argument in favor of the Initiative to the authors of any argument against the Initiative and a copy of an argument against the Initiative to the authors of any argument in favor of the Initiative immediately upon receiving the arguments.
- b. The author or a majority of the authors of an argument relating to the Initiative may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument.

- c. A rebuttal argument shall not be signed by more than five authors.
- d. The rebuttal arguments shall be filed with the City Clerk by 5:00 p.m. on August 29, 2024, signed, with the printed names and signatures of the authors submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, not more than 10 days after the final date for filing direct arguments.
- e. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

Section 9. That the City Clerk is hereby directed to file a certified copy of this Resolution with the County ROV and directed to take all other administrative actions necessary to accomplish the orders set forth in this Resolution.

Section 10. That the City Clerk shall certify the adoption of this Resolution and that the same shall be in full force and effect.

Section 11. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 31st day of July 2024.



Dale Welty, Mayor

ATTEST: 

Sheryl L. Garcia, MMC, CPM
City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) SS
CITY OF CANYON LAKE)

I, Sheryl L. Garcia, City Clerk of the City of Canyon Lake, California, do hereby certify, that the foregoing is a true and correct copy of Resolution No. 2024-34, adopted by the City Council at a meeting held on July 31, 2024, by the following vote:

AYES: Castillo, Dain, Smith, Terry, Welty
NOES: None
ABSTAIN: None
ABSENT: None



Sheryl L. Garcia, MMC, CPM
City Clerk

EXHIBIT "A"

Proposed Ordinance

[to be attached]

The City of Canyon Lake Public Safety Funding Ordinance

THE PEOPLE OF THE CITY OF CANYON LAKE DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Title

This initiative shall be known and may be cited as the “City of Canyon Lake Public Safety Funding Ordinance.”

SECTION 2. The City of Canyon Lake Public Safety Funding Ordinance

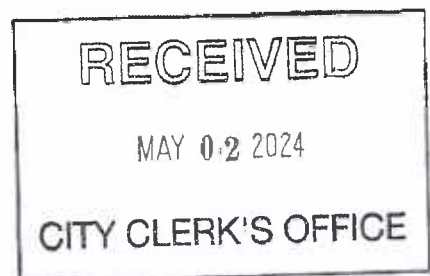
A new Chapter 3.50 is hereby added to Title 3 (Revenue and Finance) of the Municipal Code of the City of Canyon Lake, to read as follows:

3.50.010 Title and Purpose.

- A. This chapter shall be known as the “City of Canyon Lake Public Safety Funding Ordinance.”
- B. The People of the City of Canyon Lake have determined to utilize the initiative process to accomplish comprehensive, broad-based reform concerning the way public safety services are funded.
- C. The purpose of this Ordinance is to fund public safety services by raising taxes on certain business activities, imposing a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.91 of Part 1.7 of Division 2 of the Revenue and Taxation Code, and restricting the use of other existing revenue streams.
- D. All of the actions taken by this Ordinance are germane to the creation and funding of the Public Safety fund, which will be restricted to funding public safety services.
- E. By restricting the expenditure of the funds, the People will guarantee that every expenditure from the Public Safety Fund will be related to police and fire protection services.

ARTICLE I – TRANSACTIONS AND USE TAX

3.50.020 Transactions Tax Rate.



For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the city, as it exists on the operative date of this chapter, and in the incorporated territory of the city as it may hereafter be amended through annexation, at the rate of three quarters of one percent (0.75%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on or after the operative date of the ordinance codified in this chapter.

3.50.030 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the city of tangible personal property purchased from any retailer on or after the operative date of the ordinance codified in this chapter for storage, use or other consumption in the incorporated territory of the city, and in the incorporated territory of the city as it may hereafter be amended through annexation, at the rate of three quarters of one percent (0.75%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.50.040 Tax Commencement and Termination.

The taxes levied by this chapter shall commence on April 1, 2025 and shall continue thereafter until repealed or amended by the necessary vote of the registered voters of the city.

3.50.050 Contract with state.

Prior to the operative date, the city shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this chapter; provided, that if the city shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.50.060 Place of sale.

For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his or her agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.50.080 Adoption of provisions of state law.

Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.50.090 Limitations on adoption of state law and collection of use tax.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

- (a) Wherever the state is named or referred to as the taxing agency, the name of the city shall be substituted therefore. However, the substitution shall not be made when:
1. The word "state" is used as a part of the title of the state controller, state treasurer, state board of control, state board of equalization, state treasury, or the constitution of the state.
 2. The result of that substitution would require action to be taken by or against the city or any agency, officer, or employee thereof rather than by or against the state board of equalization, in performing the functions incident to the administration or operation of this chapter.
 3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the state, where the result of the substitution would be to:
 - i. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the state under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;
 - ii. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
 4. In Revenue and Taxation Code Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828.

- (b) The word “city” shall be substituted for the word “state” in the phrase “retailer engaged in business in this state” in section 6203 and in the definition of that phrase in section 6203.
- (c) “A retailer engaged in business in the District” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

3.50.100 Permit not required.

If a seller’s permit has been issued to a retailer under section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this chapter.

3.50.110 Exemptions and exclusions.

- (a) There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the state or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.
- (b) There are exempted from the computation of the amount of transactions tax the gross receipts from:
 - 1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.
 - 2. Sales of property to be used outside the city which is shipped to a point outside the city, pursuant to the contract of sale, by delivery to such point by the retailer or his or her agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the city shall be satisfied:
 - i. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance

with Public Utilities Code Section 21411, and undocumented vessels registered under Vehicle Code Section 9840, by registration to an out-of-city address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

- ii. With respect to commercial vehicles, by registration to a place of business out-of-city and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.
 4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of the ordinance codified in this chapter.
 5. For the purposes of subsections (b)(3) and (b)(4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
- (c) There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in the city of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the state Revenue and Taxation Code.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.
4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of the ordinance codified in this chapter.
5. For the purposes of subsections (c)(3) and (c)(4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
6. Except as provided in subsection (c)(7), a retailer engaged in business in the city shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the city or participates within the city in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the city or through any representative, agent, canvasser, solicitor, subsidiary, or person in the city under the authority of the retailer.
7. A retailer engaged in business in the city shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with the Public Utilities Code Sections 21411, or undocumented vessels registered under the Vehicle Code Section 9840. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

(d) Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to part 1.6 of division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.50.120 Amendments.

All amendments subsequent to the effective date of this chapter to the Revenue and Taxation Code Part 1 of Division 2 relating to sales and use taxes and which are consistent with Part 1.6 and Part 1.7 of division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

3.50.130 Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the state or the city, or against any officer of the state or the city, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

ARTICLE II – CANNABIS BUSINESS TAX

3.50.200 Definitions.

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

“Business” means 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.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. Cannabis also means the separated resin, whether crude or purified, obtained from cannabis. Cannabis also means marijuana as defined by the California Health and Safety Code Section 11018, and is not limited to medicinal cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this article, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

“Cannabis Retail Business” means any person or entity that engages in the retail sale and delivery of cannabis or cannabis products to customers. “Cannabis Retail Business” shall not include manufacturers, distributors or cultivators of cannabis.

“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.

“Engaged in business as a cannabis retail business” means the commencing, conducting, operating, managing or carrying on of a cannabis retail 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.”

“Calendar quarter” means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

“Gross receipts” means the total of amounts actually received or receivable from sales within the city and the total amounts actually received or receivable for the performance of any act or service within the city, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise. 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. Excluded from gross receipts shall be the following:

- (1) Cash discounts allowed and taken on sales.
- (2) Credit allowed on property accepted as part of the purchase price, if the property may later be sold.
- (3) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser.
- (4) Such part of the sale price of property returned by the purchaser upon rescission of the contract of sale as is refunded either in cash or by credit.
- (5) Amounts collected for others where the business is acting as an agent or trustee, to the extent that such amounts are paid to those for whom collected, provided the agent or trustee has furnished the collector with the names and addresses of the others and the amounts paid to them.
- (6) Receipts of refundable deposits, except that refundable deposits forfeited and taken into income of the business shall not be excluded.

“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.

“Sale” means and includes any sale, exchange, or barter.

“State” means the State of California.

“State license, license, or registration” means a state license issued pursuant to California Business and Professions Code Sections 26050, et seq. or other applicable state law.

“Tax administrator” means the finance director of the City of Canyon Lake or his or her designee.

3.50.210 Cannabis Retail Business Tax.

- (a) There is imposed upon each person who is engaged in business as a Cannabis Retail Business a cannabis retail business tax. Such tax is payable regardless of whether the business has been issued a cannabis business license or permit to operate lawfully in the city or is operating unlawfully. The city’s acceptance of a cannabis retail business tax payment from a cannabis retail business operating illegally will not constitute the city’s approval or consent to such illegal operations.
- (b) The maximum authorized rate for the cannabis retail business tax shall be eight cents for each one dollar of gross receipts or fractional part thereof received by a retail cannabis business or any other type of cannabis business. The initial rate as of the operative date shall be six cents for each one dollar of gross receipts or fractional part thereof received by a retail cannabis business or any other type of cannabis business.
- (c) The city council may, by resolution or ordinance, impose the tax authorized by this section at a higher or lower rate, not to exceed the maximum authorized rate, no more than once per calendar year, and may establish exemptions, incentives, or other reductions, and penalties and interest charges or assessments for failure to pay the tax in a timely manner. No action by the city council to impose the tax at a lower rate shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction, and restoring the maximum tax specified.

3.50.220 Reporting and remittance of tax.

- (a) The cannabis retail business tax imposed by this article shall be paid, in arrears, on a quarterly basis. The tax due for each calendar quarter shall be based on the gross receipts for the quarter.
- (b) Each person owing cannabis business tax for a calendar quarter shall, no later than the last day of the month following the close of the calendar quarter, file with the tax administrator a quarterly tax statement of the tax owed for that calendar quarter and the basis for calculating that tax. The tax administrator may require that the statement be submitted on a form prescribed by the tax administrator. The tax for each calendar quarter shall be due and payable on that same date that the statement for the calendar quarter is due.

- (c) Upon cessation of a cannabis business, tax statements and payments shall be immediately due for all calendar quarters up to the calendar quarter during which cessation occurred.
- (d) The tax administrator may, at his or her discretion, establish shorter reporting and payment periods for any taxpayer as the tax administrator deems necessary to ensure collection of the tax. The tax administrator may also require that a deposit, to be applied against the taxes for a calendar quarter, be made by a taxpayer at the beginning of that calendar quarter. In no event shall the deposit required by the tax administrator exceed the tax amount he or she projects will be owed by the taxpayer for the calendar quarter. The tax administrator may require that a taxpayer make payments via a cashier's check, money order, wire transfer, or similar instrument.

3.50.230 Administration of the tax.

- (a) It shall be the duty of the tax administrator to collect the taxes and perform the duties required by this article.
- (b) For purposes of administration and enforcement of this article generally, the tax administrator may from time to time promulgate such administrative regulations, rules, interpretations, and procedures consistent with the purpose, intent, and express and implied terms of this article as he or she deems necessary to implement or clarify such provisions or aid in enforcement.
- (c) The tax administrator may take such administrative actions as needed to administer the tax, including but not limited to:
 - 1. Provide to all cannabis business taxpayers forms for the reporting of the tax;
 - 2. Set the dates by which taxes and reporting are due;
 - 3. Establish and assess penalties and interest for failure to timely report or remit taxes;
 - 4. Provide information to any taxpayer concerning the provisions of this article;
 - 5. Receive and record all taxes remitted to the city as provided in this article;

6. Maintain records of taxpayer reports and taxes collected pursuant to this article; Determine amounts owed and enforce collection pursuant to this article.

3.50.240 Appeal procedure.

Any taxpayer aggrieved by any decision of the tax administrator with respect to the amount of tax, interest, reporting period, penalties and fees, if any, due under this article may appeal the decision by filing a notice of appeal with the city clerk within 30 calendar days of the serving or mailing of the determination of tax due. The city clerk, or his or her designee, shall fix a time and place for hearing such appeal, and the city clerk, or his or her designee, shall give notice in writing to such taxpayer at the last known address. The appeal shall be heard by the city's appointed hearing officer. The appointed hearing officer shall issue a written notice of decision, which shall be served on the taxpayer. The finding of the appointed hearing officer shall be final and conclusive. Any amount found to be due shall be immediately due and payable upon the service of the notice of decision.

3.50.250 Enforcement action to collect.

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

3.50.260 Apportionment.

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

3.50.270 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 article 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.

ARTICLE III – PUBLIC SAFETY SPECIAL TAX FUND

3.50.300 Purpose.

The People of Canyon Lake find that there is a need to create and maintain funding sources for the operation of Public Safety services in the city that cannot be used for any other purpose.

3.50.310 Establishment of Public Safety Fund.

There shall be established a Public Safety fund which shall be administered by the finance director and shall consist of all monies collected by the city under Article I of Chapter 3.50, Article II of Chapter 3.50, Chapter 3.44 and Sections 3.26.090 and 3.26.100 of Chapter 3.26.

3.50.320 Expenditure Plan.

All monies collected by the city under Article I of Chapter 3.50, Article II of Chapter 3.50, Chapter 3.44 and Sections 3.26.090 and 3.26.100 of Chapter 3.26, shall be used exclusively to pay for costs associated with police protection and crime suppression services, fire protection and suppression services, and 9-1-1 / paramedic services within the city. The monies described above may be expended on any and all regular and special expenses incurred for the operation and the provision of public safety services within the city and in response to mutual and automatic aid agreements, including but not limited to: wages, benefits, and deferred compensation for police and fire personnel and the pro rata shares of such costs for other city personnel that support the police and fire services within the city; the purchase, operation, and maintenance of vehicles and equipment necessary for police and fire services including repairs, fuel and maintenance; the acquisition, operation, maintenance, repair, and retrofitting of property, buildings, improvements and other facilities necessary for police and fire purposes; risk management and legal services in defense of claims and legal actions against the city and public safety personnel involving police or fire services; training, licensing, and certification of police and fire personnel; and for utilizing contractors (including the Riverside County Sheriff's Department), subcontractors, consultants and professional services directly related to police and fire services.

SECTION 3. Amendment.

The City Council may not amend or repeal any provisions of this Ordinance unless it is submitted to, and approved by, a majority of the voters of the City of Canyon Lake. However, the City Council may adopt regulations to interpret the ordinance, or make other changes to this Ordinance, provided the regulations or changes further the purposes of the Ordinance, and are adopted via a majority vote of the City Council in favor of such regulations or changes.

SECTION 4. Severability.

If any provision of this Ordinance, or any section, part, phrase, or word thereof, or the application of any provision, section, part, phrase or word to any person or circumstances, is for any reason held to be invalid or unconstitutional, the remaining provisions, sections, parts, phrase or words shall not be affected, but shall remain in full force and effect, and to this end the provisions, sections, parts, phrases and words of this Ordinance are severable. The People of the City of Canyon Lake hereby declare that they would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

SECTION 5. Legal Defense.

The People of the City of Canyon Lake desire that this Ordinance, if approved by the voters and thereafter challenged in court, be defended by the city. The People, by approving this Ordinance, hereby declare that the proponent(s) of this Ordinance have a direct and personal stake in defending this Ordinance from constitutional or statutory challenges to the Ordinance's validity or implementation. In the event that the city fails to defend this Ordinance, or the city fails to appeal an adverse judgment against the constitutionality, statutory permissibility, or implementation of this Ordinance, in whole or in part, in any court of law, the Ordinance's proponents shall be entitled to assert their direct personal stake by defending the Ordinance's validity and implementation in any court of law and shall be empowered by the People through this Ordinance to act as agents of the People. The city shall indemnify the proponents for reasonable expenses and any losses incurred by the proponents, as agents, in defending the validity and/or implementation of the challenged Ordinance. The rate of indemnification shall be no more than the amount it would cost the city to perform the defense itself.

SECTION 6. Conflicting Measures.

- A. This measure is intended to be comprehensive. It is the intent of the people of Canyon Lake that in the event this measure and one or more other measures relating to taxes to fund public safety services appear on the same ballot, whether

placed on the ballot through a citizens initiative or by the City Council, the provisions of the other measure or measures shall be deemed to be in conflict with this measure.

- B. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall remain null and void.
- C. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative vote than any other measure appearing on the same ballot regarding taxes to fund public safety services, provisions of this measure shall take effect to the extent that they are not in conflict with other said measure or measures.
- D. If this measure is approved by the voters but superseded by law by any other conflicting measure approved by the voters at the same election, and the conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.

SECTION 7. CEQA

The People of the City of Canyon Lake find that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 8. Adjustment of Appropriations Limit

Pursuant to Article XIIB of the Constitution of the State of California and applicable laws, the appropriations limit for the city is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2024-25 and each year thereafter.

SECTION 9. Liberal Construction.

This Ordinance shall be liberally construed to effectuate its purposes.

SECTION 10. Effective Date.

This Ordinance shall take effect upon its approval by a majority of the electorate of the City of Canyon Lake at the earliest date provided by law.

SECTION 11. Municipal Affair

The People of the City of Canyon Lake hereby declare that, separately and together, the purposes encompassed by this Ordinance constitute municipal affairs. The People of the City of Canyon Lake hereby further declare their desire for this Ordinance to coexist with any similar tax measures adopted at the city, county or state levels.

SECTION 12. Certification

The City Clerk shall certify the passage of this Ordinance, publish the same as required by applicable law, and forward a copy of the adopted Ordinance to the California Department of Tax and Fee Administration.