

CITY OF BANNING CALIFORNIA

Tax Administrator Regulation 2023-2

CANNABIS INDUSTRIAL TAX – REQUIREMENT TO REMIT QUARTERLY PAYMENTS

BANNING MUNICIPAL CODE – CHAPTER 3.17.120 – ORDINANCE 1527  
ADMINISTRATION OF TAX

- A. It shall be the duty of the tax administrator to collect the taxes, penalties, fees, and perform the duties required by this chapter.
- B. For purposes of administration and enforcement of this chapter generally, the tax administrator may from time to time promulgate such administrative rules and procedures consistent with the purpose, intent, and express terms of this chapter as he or she deems necessary to implement or clarify such provisions or aid in enforcement.
- C. The tax administrator may take such administrative actions as needed to administer the tax, including, but not limited to:
  1. Providing to all cannabis retailers forms for the reporting of the tax;
  2. Receiving and recording all taxes remitted to the city as provided in this chapter;
  3. Maintaining records of taxpayer reports and taxes collected pursuant to this chapter;
  4. Assessing penalties and interest to taxpayers pursuant to this chapter;
  5. Determining amounts owed and enforcing collection pursuant to this chapter; and
  6. Establishing a reasonable process, including set times and secure conditions, whereby taxpayers can pay the taxes imposed by this chapter.

BANNING MUNICIPAL CODE – CHAPTER 3.17.070 – ORDINANCE 1527  
REPORTING AND REMITTANCE OF TAX

- A. The cannabis business tax imposed by this chapter shall be imposed on a fiscal year basis and shall be due and payable annually.
- B. Each person owing a cannabis business tax shall, on or before the last day of the month following the close of each fiscal quarter, prepare and submit a tax statement on the form prescribed by the tax administrator and remit to the tax administrator the tax due.
- C. Tax statements and payments for all outstanding taxes owed to the city are immediately due to the tax administrator upon cessation of a cannabis business for any reason.
- D. The tax administrator may, at his or her discretion, establish shorter reporting and payment periods for any cannabis business tax.

BANNING MUNICIPAL CODE – CHAPTER 3.17.030 – ORDINANCES 1527, 1567, AND  
1577

TAX IMPOSED ON COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING,  
DISTRIBUTION, AND TESTING LABORATORY FACILITIES

- A. There is established and imposed upon each person who is engaged in business as a cannabis

- business an annual cannabis business tax at the rates set forth in this chapter.
- B. Every person operating a cultivation facility shall pay to the city an annual cannabis business tax in an amount that is equal to fifteen dollars per square foot of canopy space. The city council, in its discretion, may adjust the tax rate up to a maximum rate of twenty-five dollars per square foot of canopy space.
  - C. Every person operating a manufacturing facility, distribution facility, or a testing laboratory facility shall pay to the city an annual cannabis business tax in an amount equal to ten percent of the facility's gross receipts.
  - D. Every person operating a cannabis microbusiness shall pay a tax based on each component of their business. For example, a cannabis microbusiness shall pay to the city the tax rates that are currently set as follows and that may be modified from time to time pursuant to Sections 3.15.050 and 3.17.050: ten percent of the gross receipts for the retail component of the business as set forth in Section 3.15.030(B); ten percent of the gross receipts for the manufacturing component of the business as set forth in Section 3.17.030(C); ten percent of the gross receipts for the distribution component of the business as set forth in Section 3.17.030(C); and for the cultivation component of the business, five dollars per square foot of canopy space for the first year that the cannabis microbusiness is in business, and ten dollars per square foot of canopy space for the second year, and every year thereafter that the cannabis microbusiness is in business, as set forth in Section 3.17.030(B) and as modified by Section 3.17.050(C). For purposes of this subsection, a cannabis microbusiness is considered in business from the date the cannabis microbusiness obtains its certificate of occupancy. In the event of a conflict between the tax imposed by this section and a modified tax imposed by Sections 3.15.050 or 3.17.050, the tax rates set forth in Sections 3.15.050 and 3.17.050 shall prevail.
  - E. This chapter is enacted solely to raise revenue for unrestricted general revenue and municipal purposes and is intended to be a general tax and is not a special tax. All of the proceeds from the tax imposed by this chapter shall be placed in the city's general fund to finance the general operations of the city. Such operations may include but are not limited to: paying for basic or enhanced law enforcement or public safety services, park, recreational, and senior services, neighborhood preservation, community services, code enforcement, infrastructure improvement and maintenance, and other such general services.

#### UPDATED REMITTANCE

Based on the authority provided in Banning Municipal Code Section 3.17.070(D), the Tax Administrator is amending subsection (A) of Section 3.17.070 as follows:

- A. The cannabis business tax imposed by this chapter shall be imposed on a quarterly basis, payable quarterly, and remitted no later than forty-five calendar days after each quarter end.

Moreover, on the authority provided in Banning Municipal Code Section 3.17.070(D), the Tax Administrator is amending subsections (A), (B), and (C) of Section 3.17.030 as follows:

- A. There is established and imposed upon each person who is engaged in business as a cannabis business a quarterly cannabis business tax at the rates set forth in this chapter.
- B. Every person operating a cultivation facility shall pay to the city a quarterly cannabis business tax in an amount that is equal to fifteen dollars per square foot of canopy space per year (three

- dollars and seventy-five cents per quarter). The city council, in its discretion, may adjust the tax rate up to a maximum rate of twenty-five dollars per square foot of canopy space.
- C Every person operating a manufacturing facility, distribution facility, or a testing laboratory facility shall pay to the city a quarterly cannabis business tax in an amount equal to ten percent of the facility's gross receipts.

#### IMPLEMENTATION GUIDANCE

Tax Administrator Regulation 2023-2 will take effect as of July 1, 2024. Quarter ending September 30, 2024, remittance due by November 14, 2024. Remittance of annual tax for Fiscal Year 2023-24 due by August 14, 2024.