CITY OF BURLINGAME
CITY ATTORNEY IMPARTIAL ANALYSIS – MEASURE X

The Burlingame City Council placed Measure X on the November 2022 ballot. If adopted by a majority of voters, Measure X would amend Chapters 6.04 and 6.08 of the Burlingame Municipal Code to increase existing business license tax rates and to impose a new business license tax on commercial cannabis businesses.

Currently all businesses are required to pay an annual business license tax of $100, regardless of the business’ annual gross receipts. Thus the largest and smallest businesses pay the same amount of tax.

If approved, Measure X would amend the business license tax rates to increase the tax on all businesses. The flat rate would change to a three-tiered structure based on the annual gross receipts of the business. Businesses with annual gross receipts of less than $250,000 would pay a yearly business license tax of $200. Businesses with annual gross receipts from $250,000 to $999,999 would pay a yearly tax of $300. Businesses with annual gross receipts of $1,000,000 or more would pay a yearly tax of $750.

Measure X would also impose a new business license tax on cannabis businesses at a rate of 5% of annual gross receipts. The City Council would adopt the effective tax rate by separate resolution. The City Council may also raise or lower the tax rate from time to time by resolution; however the tax rate may not exceed 5% unless authorized by another vote of the electorate. The tax is only on cannabis businesses and is not a sales tax on persons purchasing cannabis products. The tax would not be imposed on persons engaged in personal cultivation or use in accordance with State law, and provided the individual receives no compensation for that personal cultivation or use.

If adopted, Measure X would generate an estimated $2,500,000 annually. The proposed measure is a general tax, and therefore the resulting revenues would go into the City’s General Fund. The revenues may be used for unrestricted governmental purposes such as maintenance and repair of streets and sidewalks, police services, undergrounding power lines, and other general City services. The tax would remain in place until repealed by the voters.

As a general tax, Measure X must be adopted by a majority vote (50% + 1) of the electorate. A “Yes” vote would approve the amended business license tax. A “No” vote would reject the measure, and the existing business license tax structure would remain in place, and no new business license tax would be imposed on cannabis businesses.