

Measure A – Charter Amendment – City of Santa Cruz Children’s Fund of 2021

Arguments and replies are the opinions of the authors. We print them exactly as submitted, including errors.

Argument for Measure A

The healthy development of children contributes to the well-being of our entire city. Voting YES on this measure will protect the **Santa Cruz Children’s Fund** and affirm our commitment to youth. This fund will provide resources for services like childcare, after-school programs, and scholarships for summer and outdoor learning opportunities.

A YES vote will make early education and childcare more affordable for working families which supports kids through a critical period of brain development. Our children and future generations need YOU to vote YES.

The Santa Cruz Children’s Fund is created by using a portion of the existing Cannabis Business Tax. It WILL NOT increase the cannabis tax, or any other tax whatsoever. A YES vote will formally preserve the fund, **prioritizing our City’s commitment to supporting children for years to come.**

The Children’s Fund was adopted by the Santa Cruz City Council in 2017. This past year it was successfully used to provide needed childcare for essential workers during the pandemic as well as scholarships for lower-income youth.

To ensure accountability and transparency, this measure establishes a Community Oversight Committee to give input and recommendations from trusted education and child development partners to the City Council on how best to allocate funds.

All children deserve to live in a community that provides access to resources. Yet too many have been left behind. This fund will prioritize our most vulnerable children and families, bringing us one step closer to creating a community in which all children are set up for success and families are supported.

Together, we can make a commitment to every child’s future. Vote YES.

Our community is coming together to support children! Please visit **yestionsantacruzchildrensfund.org** to learn more about the Santa Cruz Children’s Fund and add your name to our diverse list of supporters.

Ryan Coonerty, Third District Supervisor, Santa Cruz County
Valerie Leveroni Corral, CEO, WAMM Phytotherapies
Kris Munro, Superintendent, Santa Cruz City Schools
Martine Watkins, City Councilmember, City of Santa Cruz
David Brody, Executive Director, First Five Santa Cruz County

Argument against Measure A

No argument against Measure A was filed.

Impartial Analysis of Measure A

Tony Condotti, City Attorney

In November of 2014 the voters, by an 82% majority, approved a ballot measure **adopting an ordinance (the “Ordinance”) amending the Santa Cruz Municipal Code to impose a tax on cannabis businesses operating in the City (the “Cannabis Tax”).** The Ordinance authorized the City Council to set a maximum tax rate of ten percent (10%) of gross receipts, but set the initial tax rate at seven percent (7%) The Ordinance broadly defines “cannabis business” to include any for-profit or nonprofit business that distributes, delivers, dispenses, exchanges, barter or sells either medical or non-medical cannabis including, but not limited to, medical marijuana cooperatives and businesses, and any other business that transports, manufactures, compounds, converts, processes, prepares, stores, packages or sells, at wholesale or retail, cannabis or cannabis products. In October of 2018, and in accordance with the Ordinance, the City Council amended the Cannabis Tax to establish a variable rate structure based on business type, ranging from one percent (1%) for testing laboratories up to seven percent (7%) for cultivation, manufacturing and retail sales.

The Cannabis Tax is a “general tax” as defined by the California Constitution. As such, revenue it generates is deposited in the City's General Fund, which is used by the City to pay for municipal services provided to City residents and visitors including police, fire, emergency response, parks, street maintenance and pothole repair, libraries, youth and senior programs, economic development and job creation, affordable housing, and other essential city services. Since 2017 the City has, by Council Policy, allocated General Fund revenue equivalent to 12.5% of the funds generated by the **Cannabis Tax to a dedicated Children’s Fund,** to support enhancement and expansion of evidenced-based programs to prioritize access to early childhood development, prevention, and vulnerable youth programs. To date, the Children's Fund has provided scholarships for youth and children to access Santa Cruz Parks and Recreation programs, early learning support and, during the pandemic, childcare scholarships for **essential workers. Because it was established by Resolution, the current Children’s Fund could be reduced or eliminated by future Council action.**

If approved by the voters, this Measure would enshrine the existing Council Policy in the City Charter, adding Section 1432–**City of Santa Cruz Children’s Fund, and would increase the amount of General Fund revenue allocated to the Children’s Fund to the equivalent of twenty percent of funds generated by the Cannabis Tax. For Fiscal Year 2022, this would have resulted in an increase in revenue allocated to the Children’s Fund from about \$212,000 to approximately \$340,000.**

To ensure accountability, the Charter Amendment would require the City Council to establish a Community Oversight Panel to make recommendations on the use of **future revenue and oversee Children’s Fund expenditures.**

As a provision of the City Charter, Section 1432 could only be rescinded or amended by a future vote of the electorate.

This ballot measure has been placed on the ballot by the Santa Cruz City Council. It requires a simple majority to pass.

EXHIBIT A

Charter Amendment - Santa Cruz Children's Fund Act of 2021

Section 1. Name.

This measure shall be known as the "Santa Cruz Children's Fund Act of 2021"(hereinafter, the "Act").

Section 2. Findings and Declarations.

- A. Cities benefit when youth live safe, peaceful, and healthy lives free from involvement with the juvenile and criminal justice systems.
- B. By helping City of Santa Cruz children and youth to succeed in school and graduate high school prepared for college, career, and community, the City of Santa Cruz will benefit.
- C. Fostering the healthy development of young children, ages 0-5 years old, will have a positive impact on the Santa Cruz community.

Section 3. Purpose and Intent

- A. The chief purpose and intent of this measure is to establish the Santa Cruz Children's Fund to protect and expand funding for services that help children and youth less than 25 years old to be safe, healthy and productive.
- B. This measure allocates audited, actual total annual unrestricted revenues equivalent to twenty percent (20%) of revenue derived from the City of Santa Cruz's Cannabis Business Tax (Santa Cruz Municipal Code Chapter 5.07) to the Santa Cruz Children's Fund.
- C. Monies in the Santa Cruz Children's Fund are to be used to provide services to Santa Cruz children and youth less than twenty-five (25) years old, in accordance with asset- based youth development principles, and placing a strategic priority on serving those children and youth most impacted by poverty, trauma, and violence.

Section 4. Section 1432 of the Santa Cruz City Charter is added to read as follows:

"1432. City of Santa Cruz Children's Fund.

- 1. Children's Fund Established. The "Santa Cruz Children's Fund" is hereby established within the City's General Fund.
- 2. The goals of the Santa Cruz Children's Fund are to support enhancement and expansion of evidenced- based programs to prioritize access to early childhood development, prevention, and vulnerable youth

programs, without supplanting existing City of Santa Cruz services or investments.

3. Notwithstanding any other provision of law, effective July 1, 2022, the Santa Cruz Children's Fund shall receive funds from the City's General Fund equivalent to twenty percent (20%) of the City of Santa Cruz's audited total actual annual unrestricted revenues derived from the City's Cannabis Business tax. The annual amount of revenue for the next fiscal year shall be estimated by the City Manager no later than January 15 of each year, beginning January 15, 2022. Twenty percent (20%) of the estimated amount of the City's unrestricted Cannabis Business Tax revenue for the next fiscal year shall be deposited in the Fund no later than July 1 of each year. The Director of Finance shall publish the audited actual amount of Cannabis Business Tax revenues for the prior fiscal year not later than January 15 of each subsequent year, beginning January 15, 2022. Differences between the amount of estimated revenues deposited in the Fund and the audited actual amount of revenues for a fiscal year shall be reconciled by an adjustment in the amount deposited in the Fund for the following fiscal year.
4. Monies in the Santa Cruz Children's Fund shall be appropriated by the City Council to support enhancement and expansion of evidenced-based programs to prioritize access to early childhood development, youth prevention, and vulnerable youth programs. The City Council shall designate a community oversight panel to make recommendations on the use of future revenues in a manner consistent with this Section which may include, but shall not be limited to, representatives of the following:
 - A. The City's Parks and Recreation Commission;
 - B. The Santa Cruz City School District;
 - C. First Five Santa Cruz;
 - D. Youth Organizations;
 - E. The City Council.
5. Monies in the Santa Cruz Children's Fund shall not be appropriated or expended for:
 - A. any service which merely benefits children and youth incidentally;
 - B. acquisition, lease, or maintenance of any capital item or real property not for primary and direct use by children and youth; or
 - C. any service for which a fixed or minimum level of expenditure is mandated by state or federal law, to the extent of the fixed or minimum level of expenditure."

Section 5. Severability.

If any provision of this Act or any application thereof to any person or circumstance is held invalid, the remainder of this section and its applications shall not be affected. To this end, the provisions of this measure are severable.

Section 6. Conflicting Measures.

The measure is intended to be comprehensive. It is the intent of the People that in the event this measure and another measure relating to establishing the Santa Cruz Children's Fund to protect and expand funding for services that help children and youth shall appear on the same City ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. If 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 be null and void.

Section 7. Conflicting Charter Provisions.

Any section or part of any section in the Santa Cruz City Charter, insofar as it conflicts with this Act or with any part thereof, shall be superseded by the contents of this Act.