

Sample Cannabis Taxes in San Bruno w/ 5% Local Business Tax (Based on California's Cumulative Tax Structure)

	Rate	Dollars	Tax Subtotals
Cost of Cannabis Goods		\$35.00	
San Bruno Cannabis Business Tax	5%	\$1.75	\$36.75
Sales Tax*	9.875%	\$3.63	\$40.38
State Excise Tax	15%	\$6.06	
Tax Total	29.88%	\$11.44	<i>Represents 32.685% of the initial \$35 price of the cannabis goods.</i>
Grand Total		\$46.44	

*Includes San Bruno's Transactions and Use Tax (Measure G) of 0.50%

Total Tax Remitted to the City of San Bruno w/ 5% Local Business Tax

1% of Sales Tax (Local Bradley-Burns)	\$	0.40	
0.50% Transactions and Use Tax (Measure G)	\$	0.20	
5% San Bruno Cannabis Business Tax		\$1.75	
			<i>Represents 6.73% of the initial \$35 price of the cannabis goods.</i>
	\$	2.36	

Sample Cannabis Taxes in San Bruno w/ 6% Local Business Tax (Based on California's Cumulative Tax Structure)

	Rate	Dollars	Tax Subtotals
Cost of Cannabis Goods		\$35.00	
San Bruno Cannabis Business Tax	6%	\$2.10	\$37.10
Sales Tax*	9.875%	\$3.66	\$40.76
State Excise Tax	15%	\$6.11	
Tax Total	30.88%	\$11.88	<i>Represents 33.942% of the initial \$35 price of the cannabis goods.</i>
Grand Total		\$46.88	

*Includes San Bruno's Transactions and Use Tax (Measure G) of 0.50%

Total Tax Remitted to the City of San Bruno w/ 6% Local Business Tax

1% of Sales Tax (Local Bradley-Burns)	\$	0.41	
0.50% Transactions and Use Tax (Measure G)	\$	0.20	
5% San Bruno Cannabis Business Tax		\$2.10	
			<i>Represents 7.75% of the initial \$35 price of the cannabis goods.</i>
	\$	2.71	

The State of California has a cumulative tax structure that consist of the State Excise Tax, Sales Tax, and Local Business Tax. The California Excise Tax is 15%. The Sales Tax Rate for the City of San Bruno is 9.875%, which includes San Bruno's Transactions and Use Tax (Measure G) of 0.50%. And the current San Bruno Cannabis Tax rate is 5% and is proposed to change to 6%. The tables above showcase how a 1% increase in the Local Business tax rate will alter the total tax amount and tax remitted to the City of San Bruno if someone purchased \$35 of cannabis goods at a commercial cannabis retailer.

In most tax calculations, it follows a specific order: (1) State Excise Tax, (2) Sales Tax, and (3) Local Business Taxes. However, the San Bruno Cannabis Tax follows a different cumulative tax structure: (1) Local Business Taxes, (2) Sales Tax, and (3) State Excise Tax. San Bruno Municipal Code Section 3.18.040, regarding the administration of the Cannabis Business Tax, states that gross receipts shall have the meaning set forth in Section 3.04.170 of the code. Section 3.04.170 B. 2. says, "Sales, use, transient occupancy or any taxes, required by law to be included or added to the purchase price and collected from the consumer or purchaser. The definition indicates that other taxes would not be included in the gross receipts total.

Pursuant to the California Department of Tax and Fee Administration in its Cannabis Excise Tax and Enforcement Provision for 2023, the "gross receipts" for the 15% state excise tax include "the selling price of cannabis or cannabis products (after discount), and all charges related to the sale, such as a delivery fee and any local cannabis taxes listed separately on the invoice or receipt." So, the local taxes should be added first based on the narrower San Bruno definition of gross receipts, and then the State Excise tax should be calculated on the amount, including the local taxes.