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City of Morgan Hill: 2018 Cannabis Planning & Revenue Measure Survey

April 18, 2018

Overview and Research Objectives

The City of Morgan Hill commissioned Godbe Research to conduct a survey of local voters with the following research objectives:

- Ø Gauge the public's perception of the sale of recreational and medical marijuana in Morgan Hill;
- Ø Gauge perception of recreational marijuana activities and dispensary locations;
- Ø Assess potential voter support for a gross receipts business tax on cannabis sales and increasing the current transient occupancy tax to support City services with funding that cannot be taken by the State;
- Ø Prioritize projects and programs to be funded with the proceeds;
- Ø Test the influence of informational and critical statements;
- Ø Identify the rate at which respondents support the transient occupancy tax measure; and
- Ø Use demographic and/or voter behavioral characteristics to validate the representativeness of the sample.

Methodology Overview

∅ Data Collection	Landline (23), text to online (607), and email to online (81) interviewing
∅ Universe	22,543 likely June 2016 voters in the City of Morgan Hill, with a subsample of those likely to vote in the November 2018 election (15,909)
∅ Fielding Dates	March 30 through April 4, 2018
∅ Interview Length	20 minutes
∅ Sample Size	711 All registered voters 526 Likely November 2018 voters
∅ Margin of Error	± 3.62% All registered voters ± 4.2% Likely November 2018 voters



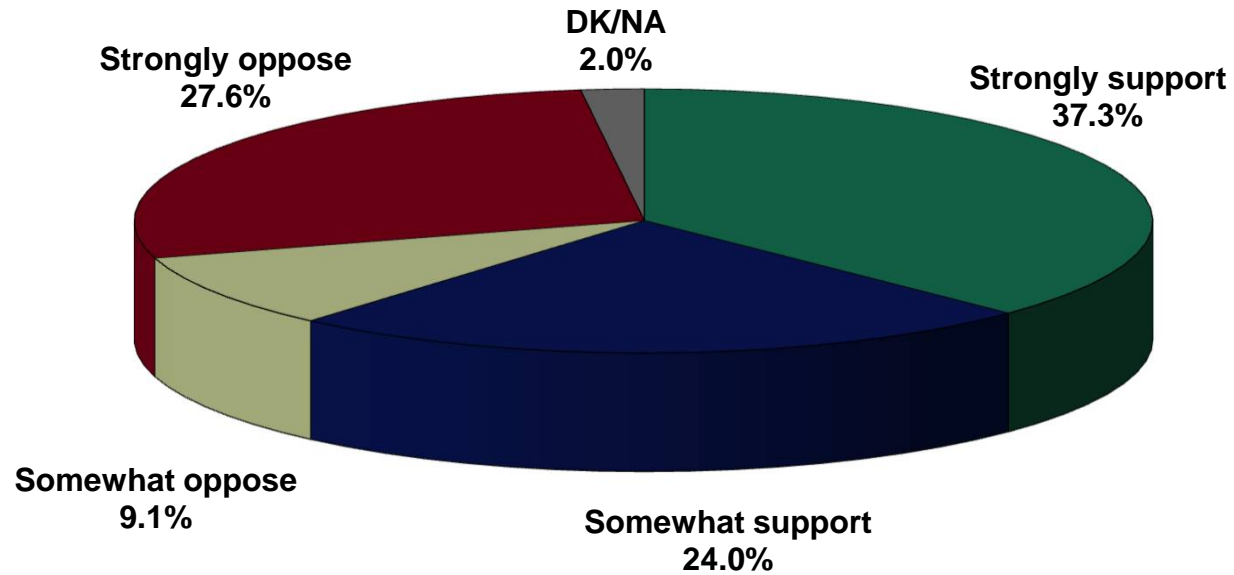
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Key Findings

Q1. Support for Sale of Medical Marijuana in Morgan Hill

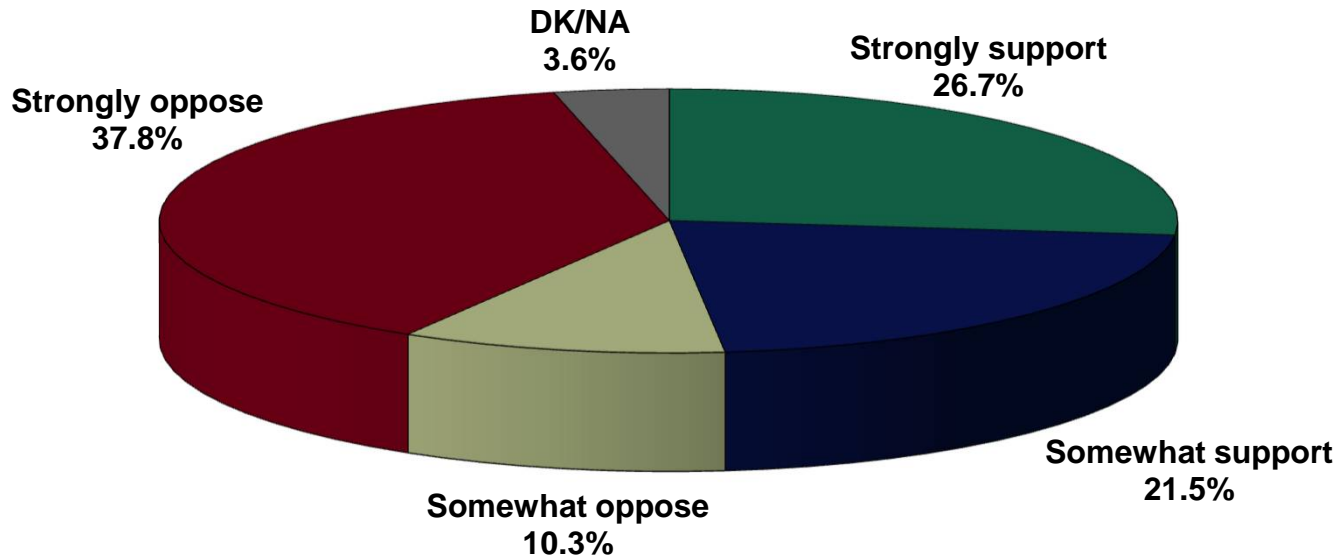
All Registered Voters (n=711)



Total Support	61.3%
Total Oppose	36.7%

Q2. Support for Sale of Recreational Marijuana in Morgan Hill

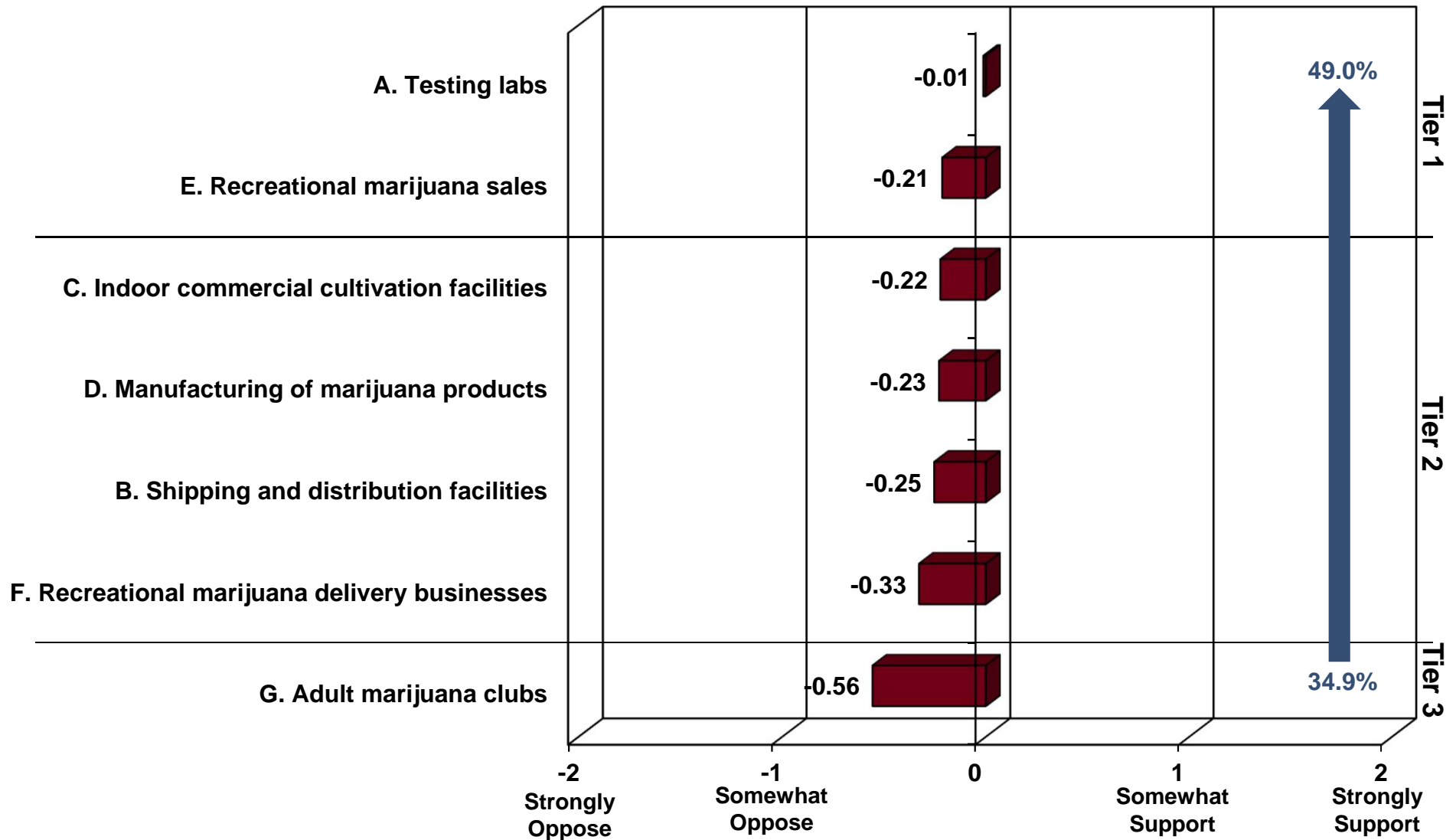
All Registered Voters (n=711)



Total Support	48.3%
Total Oppose	48.1%

Q3. Support for Recreational Marijuana Activities in Morgan Hill

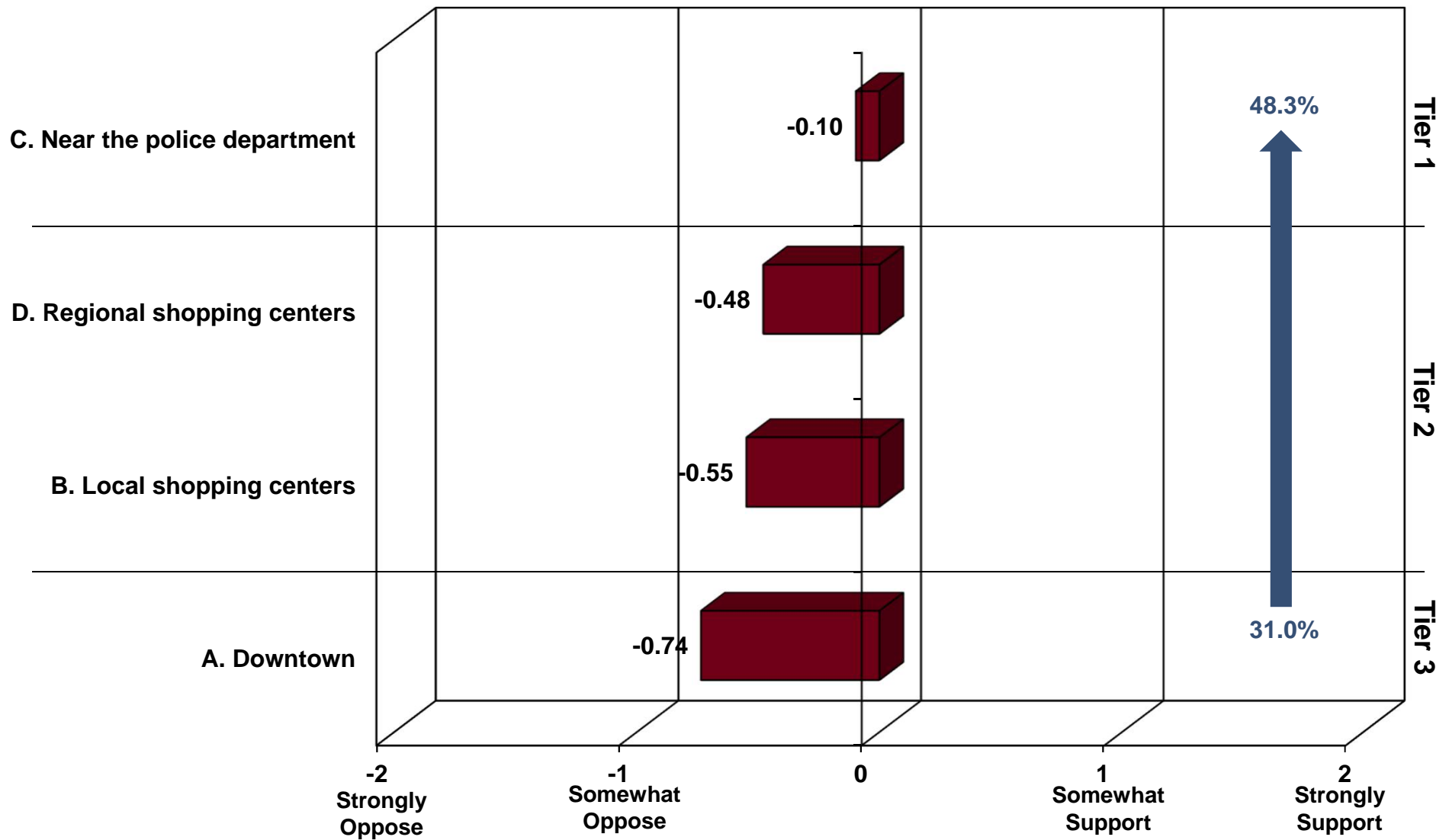
All Registered Voters (n=711)



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Strongly Support" = +2, "Somewhat Support" = +1, "Somewhat Oppose" = -1, and "Strongly Oppose" = -2.

Q4. Support for Recreational Marijuana Dispensary Locations in Morgan Hill

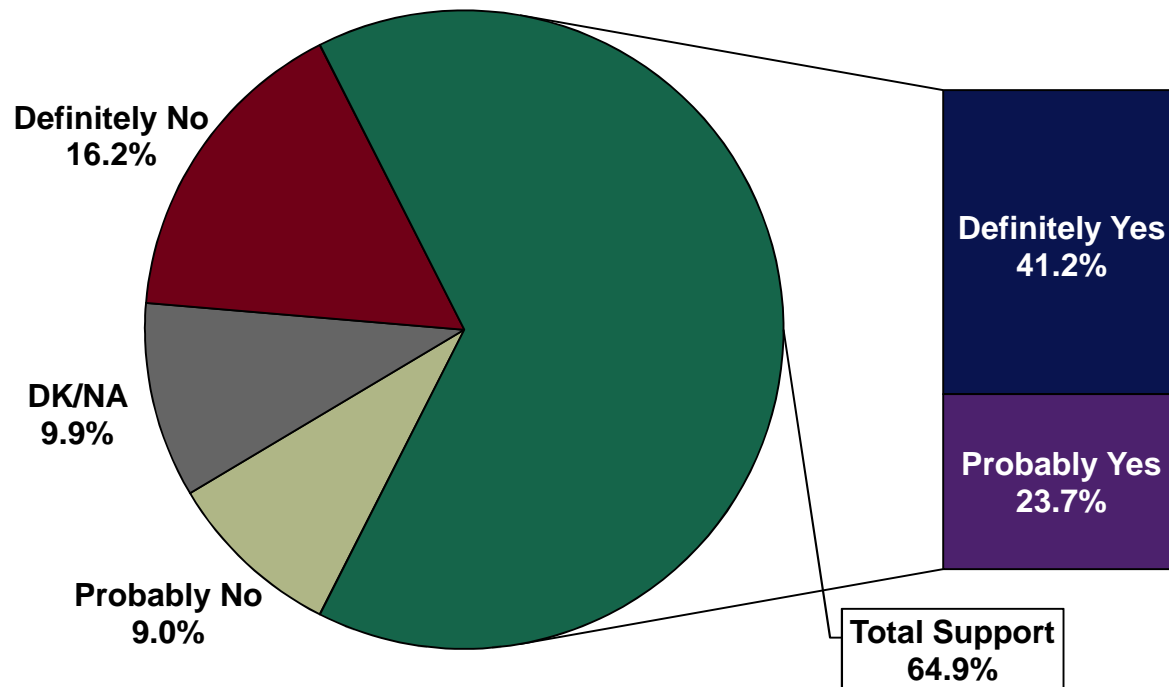
All Registered Voters (n=711)



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Strongly Support" = +2, "Somewhat Support" = +1, "Somewhat Oppose" = -1, and "Strongly Oppose" = -2.

Q5. Uninformed Support for Gross Receipts Tax on Cannabis Sales

November 2018 (n=526)



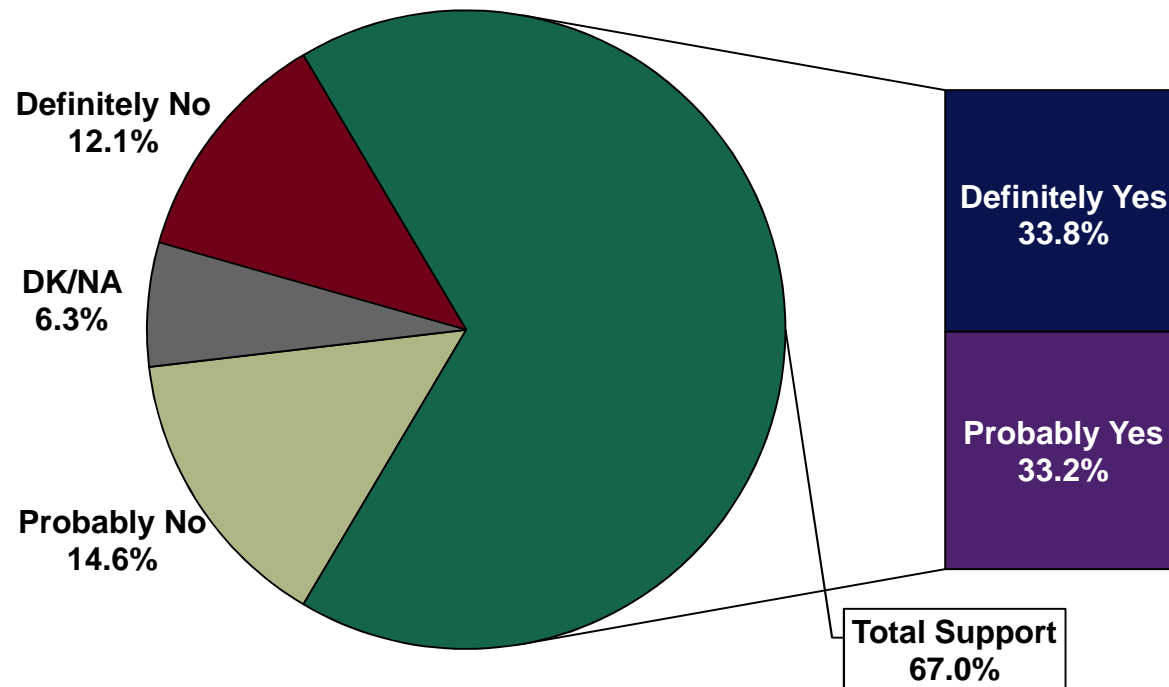
Shall a Morgan Hill ordinance providing funding, that cannot be taken by the State, for city services including:

- neighborhood police patrols and crime prevention;
- drug abuse and prevention education;
- fixing potholes and maintaining city streets; and
- unrestricted general revenue purposes;

by levying an ongoing tax of up to 15% of gross receipts of cannabis (marijuana) businesses in the city, providing up to \$1.6 million dollars annually, requiring independent citizen oversight, financial audits, and that all funds stay in Morgan Hill, be adopted?

Q6. Uninformed Support for Increasing the Transient Occupancy Tax

November 2018 (n=526)



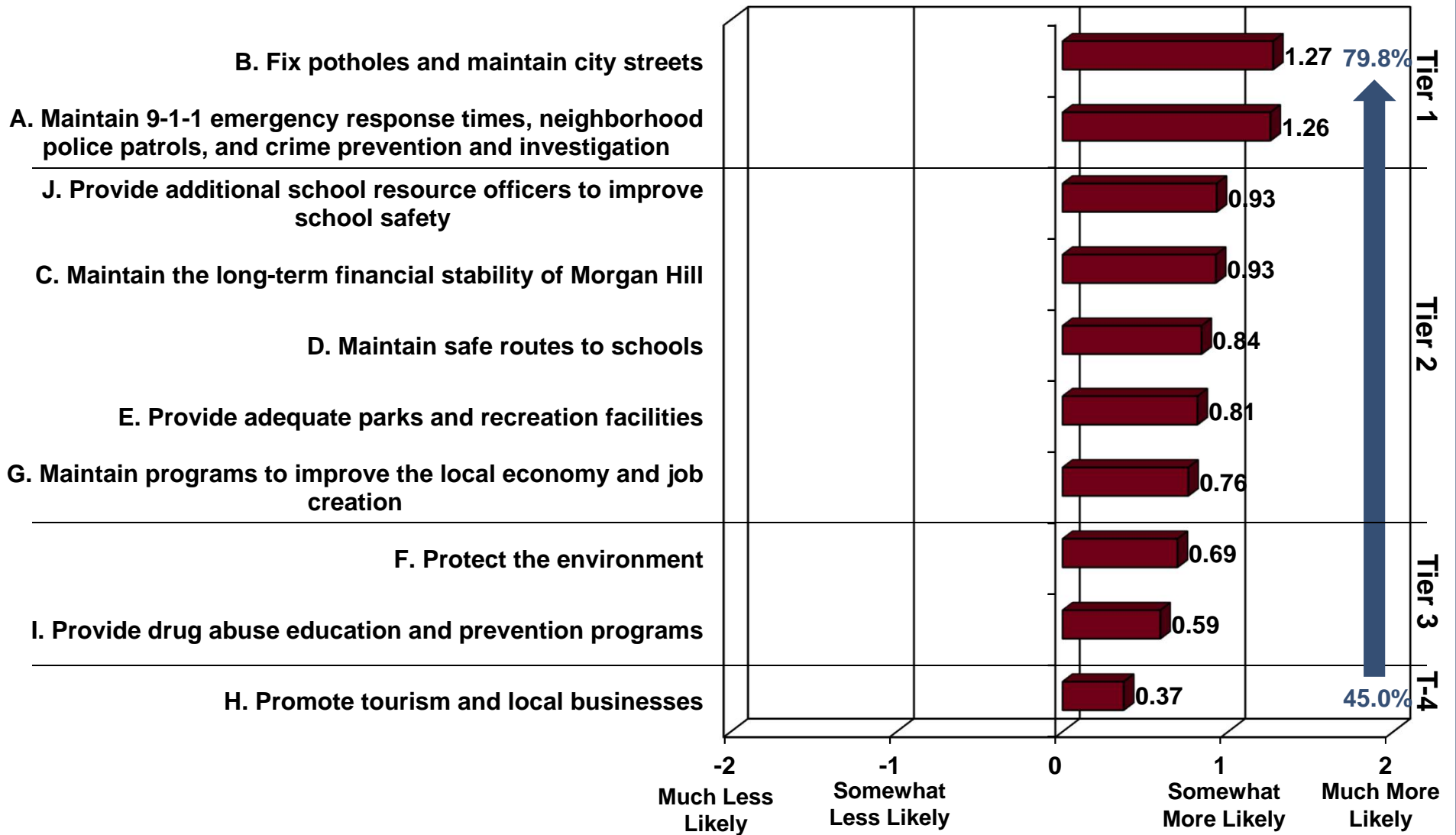
Shall a Morgan Hill ordinance providing funding, that cannot be taken by the State, for city services including:

- 9-1-1 emergency response times, neighborhood police patrols, and crime prevention;
- fixing potholes and maintaining city streets;
- promoting tourism and local businesses; and
- unrestricted general revenue purposes

by increasing the ongoing transient occupancy tax charged to hotel guests from 10% to 14%, providing \$1.2 million dollars annually, requiring independent citizen oversight, financial audits, and all funds staying in Morgan Hill, be adopted?

Q7. Features of the Measure

November 2018 (n=526)



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, "No Effect" = 0, "Somewhat Less Likely" = -1, and "Much Less Likely" = -2.

Q8. Informational Statements

November 2018 (n=526)

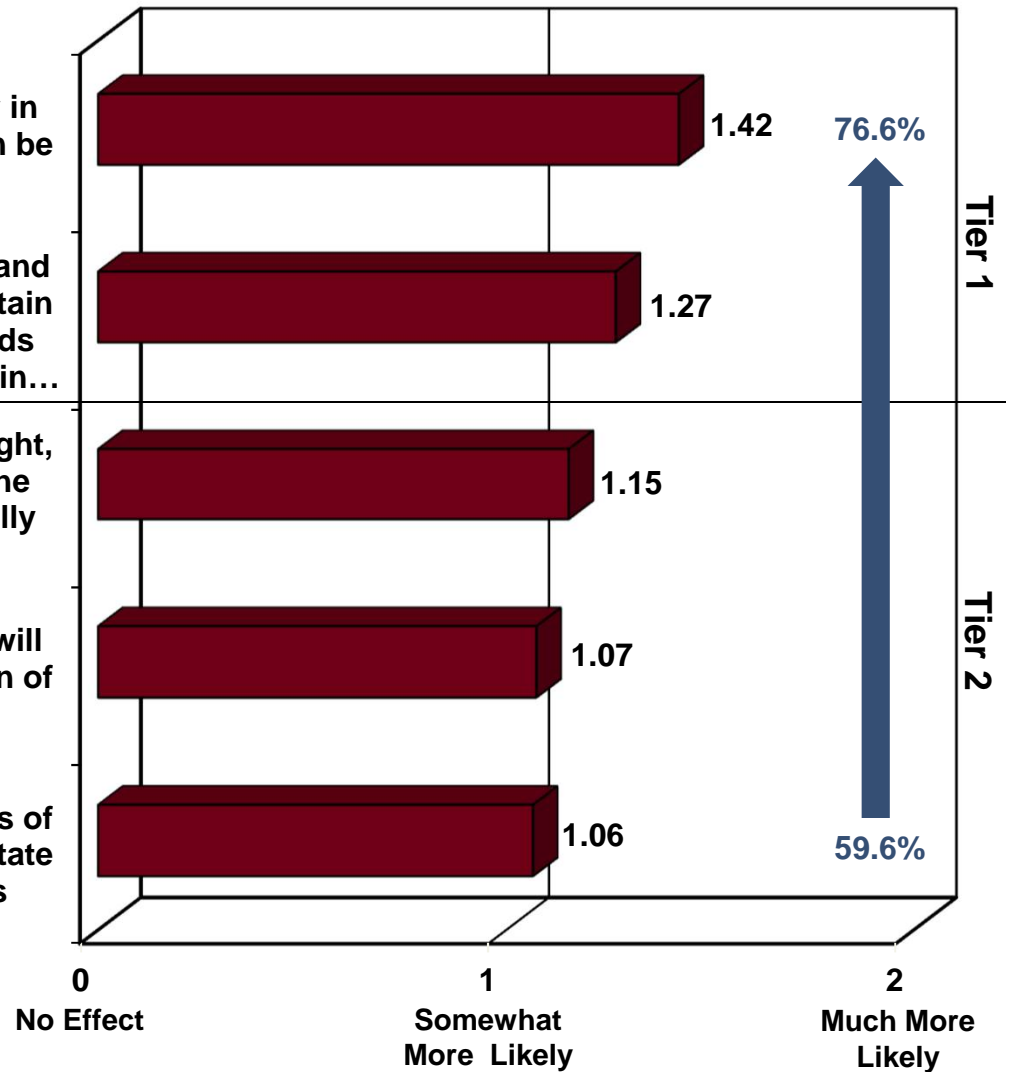
A. By law, all funds from these measures must stay in Morgan Hill to maintain local services. None of it can be taken by Sacramento

E. Morgan Hill has significant street and road repair and maintenance needs. It is fiscally responsible to maintain our streets, roads, and fix potholes now, so our roads don't deteriorate further and become costlier to fix in...

B. The measures require independent citizen oversight, mandatory financial audits, and yearly reports to the community to ensure the funds are spent in a fiscally prudent manner

C. If the cannabis tax measure is approved, the City will still have the right to regulate the number and location of cannabis businesses, or even ban them entirely

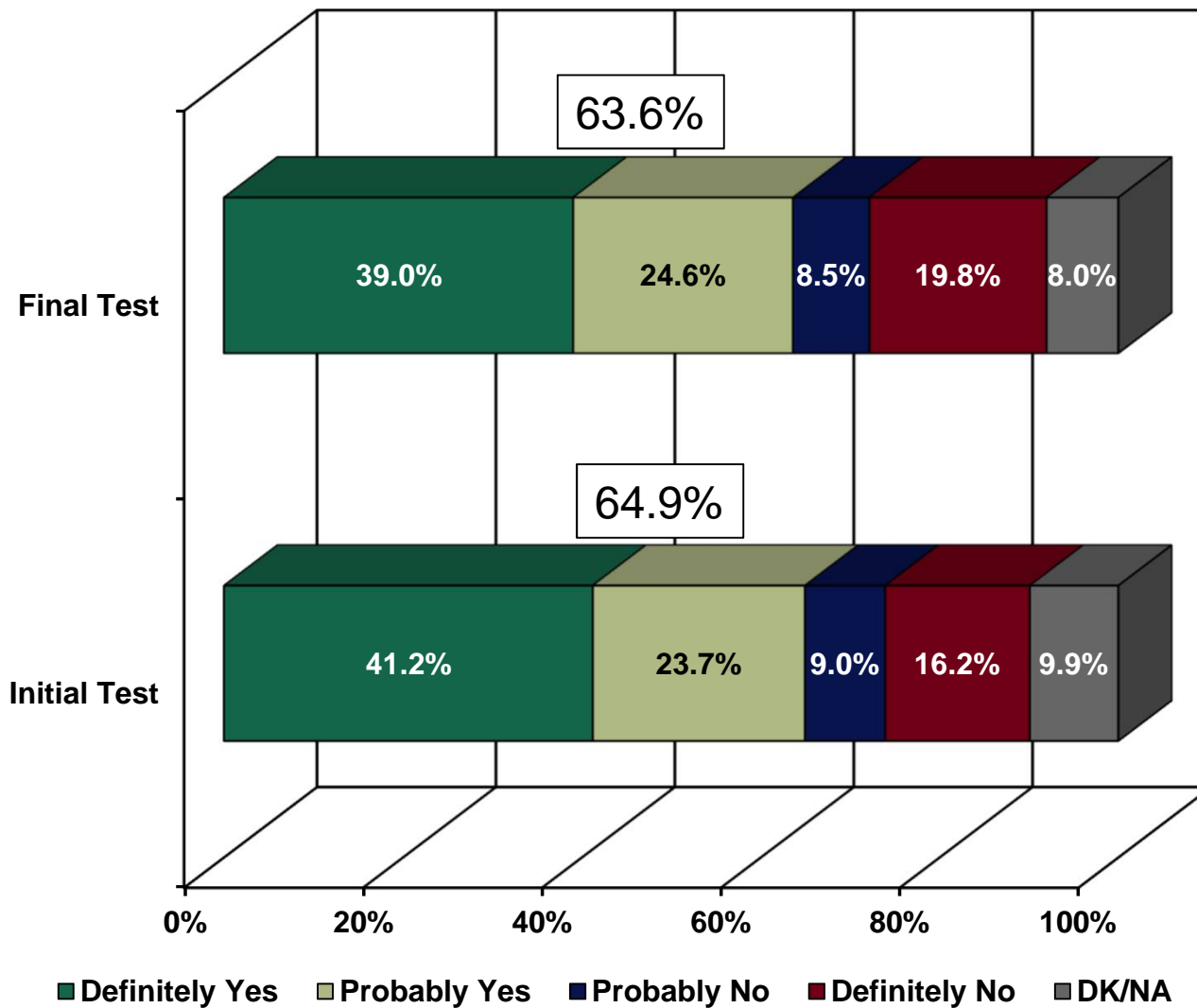
D. The cannabis tax helps offset the increased costs of police, fire and code enforcement staff due to the State legalization of medical and recreational cannabis



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Q10. Informed Support for Gross Receipts Tax on Cannabis Sales

November 2018 (n=526)



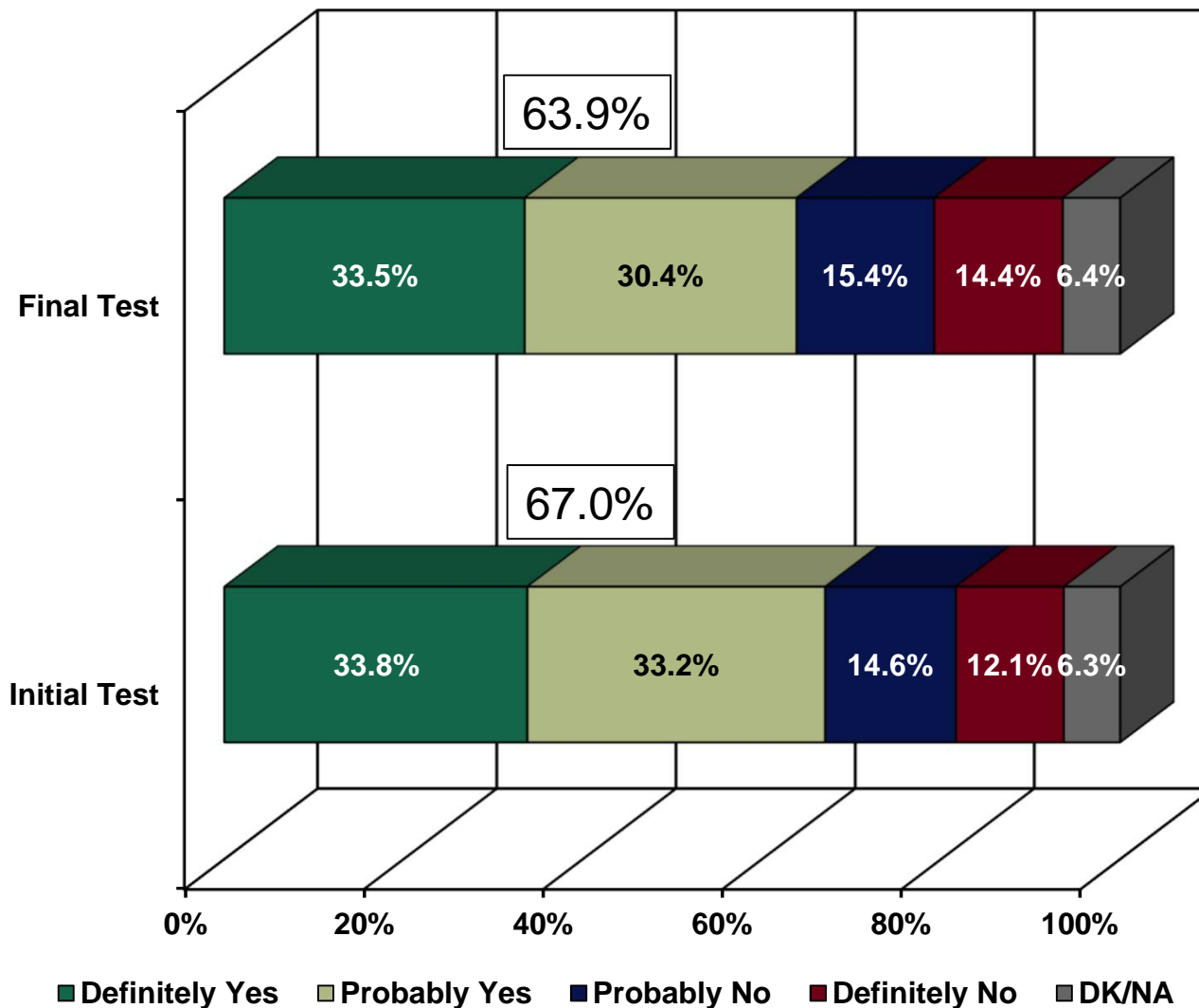
Shall a Morgan Hill ordinance providing funding, that cannot be taken by the State, for city services including:

- neighborhood police patrols and crime prevention;
- drug abuse and prevention education;
- fixing potholes and maintaining city streets; and
- unrestricted general revenue purposes;

by levying an ongoing tax of up to 15% of gross receipts of cannabis (marijuana) businesses in the city, providing up to \$1.6 million dollars annually, requiring independent citizen oversight, financial audits, and that all funds stay in Morgan Hill, be adopted?

Q11. Informed Support for Transient Occupancy Tax

November 2018 (n=526)



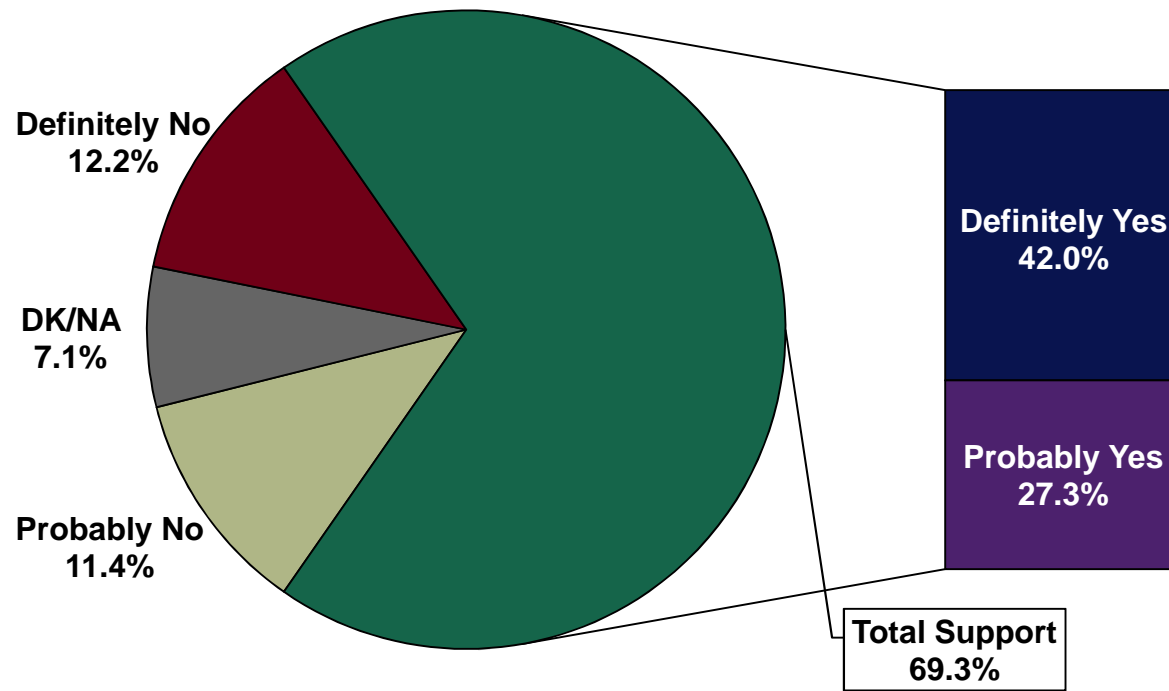
Shall a Morgan Hill ordinance providing funding, that cannot be taken by the State, for city services including:

- 9-1-1 emergency response times, neighborhood police patrols, and crime prevention;
- fixing potholes and maintaining city streets;
- promoting tourism and local businesses; and
- unrestricted general revenue purposes

by increasing the ongoing transient occupancy tax charged to hotel guests from 10% to 14%, providing \$1.2 million dollars annually, requiring independent citizen oversight, financial audits, and all funds staying in Morgan Hill, be adopted?

Q12. Support for Alternative Transient Occupancy Tax of 12%

November 2018 (n=526)



Instead of increasing the transient occupancy tax charged to hotel guests from 10% to 14%, what if the measure just increased the tax from 10% to 12%?

Summary & Recommendations

- ∅ The survey revealed a solid base of voter support for both measures given the simple majority threshold currently required by State law.
 - § Support for the cannabis tax measure in the November 2018 election was 64.9% on the uninformed test and 63.6% on the informed test.
 - § Similarly, support for the TOT measure in the November 2018 election was 67.0% on the uninformed test and 63.9% on the informed test.
- ∅ Top features of the measures (listed below) suggest that some of the items in the ballot questions could be revised to increase support.
 - § Fix potholes and maintain city streets.
 - § Maintain 9-1-1 emergency response times, neighborhood police patrols, and crime prevention and investigation.
 - § Provide additional school resource officers to improve school safety.
 - § Maintain the long-term financial stability of Morgan Hill.
 - § Maintain safe routes to schools.
 - § Provide adequate parks and recreation facilities.
 - § Maintain programs to improve the local economy and job creation.

- Ø The top information items are:
 - § By law, all funds from these measures must stay in Morgan Hill to maintain local services. None of it can be taken by Sacramento.
 - § Morgan Hill has significant street and road repair and maintenance needs. It is fiscally responsible to maintain our streets, roads, and fix potholes now, so our roads don't deteriorate further and become costlier to fix in the future.
 - § The measures require independent citizen oversight, mandatory financial audits, and yearly reports to the community to ensure the funds are spent in a fiscally prudent manner.
- Ø Given the survey findings and the simple majority currently required for approval, Godbe Research recommends that the City of Morgan Hill continue the process to prepare for a November 2018 election.



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