



# COUNTY OF HUMBOLDT

For the meeting of: 11/29/2022

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File #: 22-1507

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Consent

**SUBJECT:**

Resolution Suspending Cultivation Year 2022 Due in Tax Year 2023 and Cultivation Year 2023 Due in Tax Year 2024 Cannabis Excise Tax and Deferring Certain Dates and Penalties

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Adopt the resolution and direct the Treasurer-Tax Collector for Cultivation Year 2022, collected in Tax Year 2023, to suspend 100% of the Cannabis Excise Authorized Tax for the 2023 billing cycle; and
2. Adopt the resolution and direct the Treasurer-Tax Collector for Cultivation Year 2023, collected in Tax Year 2024, to suspend 100% of the Cannabis Excise Authorized Tax for the 2024 billing cycle; and
3. Adopt the resolution and direct the Treasurer-Tax Collector to not assess fees for late payments after Oct. 17, 2022, for excise tax installments for the Cultivation Year 2021 due in Tax Year 2022; and
4. Adopt the resolution and direct the Treasurer-Tax Collector to not assess fees for late payments after Sept. 15, 2022, for the 2<sup>nd</sup> excise tax installment for the Cultivation Year 2020, originally due in Tax Year 2021.

**SOURCE OF FUNDING:**

General Fund (1100)

**DISCUSSION:**

At the regularly scheduled meeting on Nov. 1, 2022, your Board directed staff to draft a resolution to suspend 100% of the Measure S Cannabis Excise Taxes for Tax Year 2023 (Cultivation Year 2022) and Tax Year 2024 (Cultivation Year 2023). The Board also directed the Treasurer-Tax Collector to not assess fees for late payment of the Tax Year 2022 installment due Sept. 15, 2022, and subject to penalties on Oct. 17, 2022.

Your Board did not provide specific direction to waive penalties or interest on late payments of the 2<sup>nd</sup> installment of Tax Year 2021, which had already benefitted from a penalty and interest waiver.

Additionally, your Board did not provide specific direction on waiving penalties or interest on late payment of the 1<sup>st</sup> reduced installment of Tax Year 2022, subject to late penalties after May 31, 2022.

As of writing this staff report no penalties or interest have been assessed by the Treasurer-Tax Collector for Tax Year 2021 2<sup>nd</sup> installment payments received on or after Oct. 17, 2022 or Tax Year 2022 1<sup>st</sup> installment payments originally due May 31, 2022. As no refunds of penalties or interest would be necessitated by waiving these additional late fees, staff recommends the Board extend the penalty and interest holiday on the Tax Year 2021 2<sup>nd</sup> installment and Tax Year 2022 1<sup>st</sup> installment.

<b>Tax Year</b>	<b>Installment</b>	<b>Late</b>	<b>Tax %</b>	<b>Recommendation</b>
2021	2nd	9/15/2022	100%	Waive Late Fees
2022	1st	5/31/2022	15%	Waive Late Fees
2022	2nd	10/17/2022	15%	Waive Late Fees

The proposed Resolution (Attachment 1) incorporates this recommendation. If your Board does not agree with this additional staff recommendation, it can be struck from the proposed resolution by your Board prior to adoption.

At that same meeting, your Board directed staff to develop and, if feasible, implement a method for taxpayers, including Measure S Excise taxpayers, to make partial payments on outstanding account balances. A progress report on the status of the project will be provided to your Board at the meeting.

**FINANCIAL IMPACT:**

For Tax Year 2021, the Treasurer-Tax Collector billed \$19.6 million, and to-date collected \$11.6 million in Measure S Cannabis Excise Taxes. For Tax Year 2022, in which the Board reduced the Measure S Taxes by 85%, the Treasurer-Tax Collector billed \$3.2 million, and to-date collected \$1.5 million. The only tax revenue that is anticipated for collection in Tax Year 2023 and Tax Year 2024 is some portion of past due amounts remaining from prior tax years, however that is expected to be minimal.

**STRATEGIC FRAMEWORK:**

This action supports your Board’s Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

**OTHER AGENCY INVOLVEMENT:**

None

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

Board direction and discretion

**ATTACHMENTS:**

- 1. Resolution

**PREVIOUS ACTION/REFERRAL:**

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Board Order No.: I.1, H.3., C.1., H.1.

Meeting of: 11-1-2022, 03-08-2022, 02-07-2022, 02-01-2022

File No.: 22-1357, 22-278, 22-152, 22-87