

H-2 / I-1

From: Ross Gordon <ross@hcgga.co>
Sent: Monday, October 2, 2023 4:14 PM
To: Madrone, Steve; Wilson, Mike; Bushnell, Michelle; Bohn, Rex; Arroyo, Natalie
Cc: Natalynne DeLapp; Adair, Scott; Ford, John; Hayes, Elishia; COB
Subject: HCGA comments on 10/3/23 BOS Agenda
Attachments: HCGA Comments on 10.3.23 BOS Agenda.pdf

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Good afternoon Supervisors and Staff,

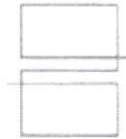
On behalf of HCGA, please see the attached letter regarding the items on tomorrow's board agenda. The letter contains comments on the following items:

1. The extension of interim cannabis permits (Item H2)
2. The potential for moratorium on new cannabis cultivation (Item H2)
3. The future of the Measure S tax (Item I1)
4. Whether to list the supporters and opponents of a ballot measure on the ballot (Item I3).

Thank you for your consideration, and please reach out if you have any questions.

--

Ross Gordon
Policy Director, Humboldt County Growers Alliance
Policy Chair, Origins Council
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HUMBOLDT COUNTY GROWERS ALLIANCE

October 2, 2023

Dear Supervisors and Staff,

On behalf of Humboldt County Growers Alliance, we appreciate the opportunity to comment on the cannabis-related items on tomorrow's Board of Supervisors agenda. Our comments in this letter address four separate issues:

1. The extension of interim cannabis permits (Item H2)
2. The potential for moratorium on new cannabis cultivation (Item H2)
3. The future of the Measure S tax (Item I1)
4. Whether to list the supporters and opponents of a ballot measure on the ballot (Item I3).

Extension of Interim Permits

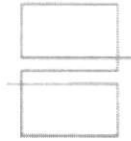
We appreciate the clarity in the staff report regarding the status of pending interim permits. HCGA supports the extension of interim permits for applicants who 1) are continuing to work in good faith towards obtaining a full permit, and 2) remain eligible for state licensure given state provisional timelines.

Moratorium on New Cannabis Cultivation

We appreciate the Supervisors' consideration of this item in light of the pending vote on Measure A on March 5, 2024. Measure A has been misleadingly described as a restriction on new, large-scale cultivation, when in fact its primary effect - as described in the Planning Department's analysis earlier this year - would be to establish new restrictions that render cultivation extremely challenging or non-viable for all new and existing farms of all sizes within the county.

In this context, HCGA supports providing voters with a real choice on the topic of larger-scale cultivation through the creation of an alternative ballot measure that specifically addresses this issue. However, we do not support a permanent and blanket moratorium - which would provide those currently outside the legal market with no path to legal operation - and recommend that any moratorium include the following parameters:

- A moratorium should not apply to smaller-scale cultivation, and should allow small cultivators to continue to apply for new or expanded permits under the existing ordinances.



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We recommend allowing for new or expanded cultivation of up to one acre for outdoor cultivation, 22,000 square feet for mixed-light cultivation, and 5,000 square feet for indoor cultivation. These size limitations are consistent with the definition of small cultivation proposed in the SHIP Act, pending federal legislation proposed by North Coast Congressman Jared Huffman, as well as the definition utilized in AB 1111, pending state legislation introduced by Asm. Gail Pellerin and co-sponsored by North Coast representatives Mike McGuire and Jim Wood. These definitions are supported by our local legislators and appropriately account for dramatic differences in production output between outdoor, mixed-light, and indoor cultivation.

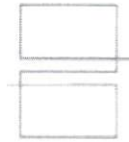
- A moratorium should apply for five years, with the option for the Board of Supervisors to reconsider the moratorium after that time period. With the legal cannabis framework in considerable flux, and the potential for dramatic changes in federal cannabis policy over the next decade, permanently restricting the county's ability to change cannabis policy has the potential to create future unintended consequences. Building some degree of flexibility into the measure, rather than requiring an additional voter initiative to make changes many years in the future, is prudent given this uncertainty.
- A moratorium proposal should be placed on the March 5, 2024 ballot to provide voters with multiple options on the future of cannabis in Humboldt County.

In short, we recommend that the Board consider placing an alternative referendum on the March 5, 2024 ballot that would establish a five-year moratorium on new or expanded cultivation larger than one acre outdoors, 22,000 square feet utilizing mixed-light cultivation, and 5,000 square feet indoors.

Measure S - 2024 Tax Rate

HCGA supports an additional one-year full suspension of the Measure S cannabis tax, through the 2024 cultivation year, to be reconsidered at the end of 2024.

While there has anecdotally been a slight increase in wholesale cannabis prices for some farmers over the past year, particularly for higher-quality products, the overall market remains depressed. According to data from Cannabis Benchmarks, California wholesale prices have actually *decreased* slightly from August 2022 (\$815/pound weighted average) to July 2023 (\$765/pound weighted average). For context, in June 2021 - prior to the market collapse in Fall of that year - Cannabis Benchmark's weighted average in California was at \$1,489/pound.



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Additionally, the presence of Measure A on the March 2024 ballot creates uncertainty about whether Humboldt's cannabis industry will remain viable in 2024. Extending current tax policy into 2024, and reassessing this policy after the outcome of the Measure A vote is known, will enable the county to make an informed decision about the appropriate tax rate going forward.

Measure S - Enforcement of Past Due Taxes

We appreciate previous county efforts to enable cultivators to enter into a payment plan to reduce their Measure S tax debt over time. Prior to any enforcement action, we request that cultivators have the opportunity to enter into a payment plan, and that enforcement should be reserved for cultivators who either fail to enter into a payment plan, or fail to make good faith efforts to follow through with promised payments. Additionally, the county should consider permit suspension, rather than revocation, for cultivators who fail to meet their tax obligations.

Additionally, we have heard significant confusion among our members regarding timelines for tax payment and payment plan options. We request that the county create clear written guidance for cultivators to understand their options and obligations for addressing past due payments.

Listing Supporters and Opponents of Measures on the Ballot

HCGA is in favor of listing the supporters and opponents of ballot measures on the ballot pursuant to AB 1416. Listing supporters and opponents provides critical transparency to voters to determine whether the stated claims of advocates are accurate, and helps voters to make an informed decision on ballot measures which are often complex and opaque.

Thank you for your consideration,

Natalynne DeLapp
Executive Director
Humboldt County Growers Alliance

Ross Gordon
Policy Director
Humboldt County Growers Alliance