

Attachment 3 Humboldt County Measure S

Measure S was approved by Humboldt County voters on Nov. 8, 2016, with 65.8% in favor (34.2% opposed) of a cannabis cultivation tax of \$1-3 per square foot. The general tax only required 50% plus one for approval and funds general fund expenditures. Ten percent of the tax revenue is dedicated to the county’s local Project Trellis which provides micro-grants, marketing and an equity program to cannabis businesses in the county. Without voter approval, the Board’s ability to modify the tax is limited to amending or repealing the tax in a way that does not increase the tax or broaden its scope.

As a general tax measure, the revenue is deposited into the General Fund. Revenues received in the General Fund are not tied to a specific activity and as such, the source of revenue is tracked but the activities are not tied to the revenue source. This is opposite of Special Revenue sources that are legally restricted to expenditure for a specific purpose.¹ As such, the proceeds from Measure S and expenditure of those proceeds are commingled in the General Fund and there is no discrete tracking. Measure Z is a little different. Because the language in Measure Z requires the Board of Supervisors to establish an advisory committee, expenditure of funds derived from this tax has been tracked in more detail from the beginning to provide the public and the committee more information to allow the committee to develop recommendations on the use of funds.

That said, over the years staff has, for information and budgetary purposes, identified certain funds that have been budgeted and available because of the additional revenue including Measure S. The table below outlines budgetary appropriations associated with Measure S revenue. Over the last couple of years, the pandemic and other emergencies have resulted in reductions and elimination of expenditures as preparation for unknown financial outcomes. Thus, a budget appropriation does not always equate to an actual expenditure or project completion.

Measure S Cannabis Excise Tax Budget Summary FY 2018-2021		
	One-Time Budget	On-going Budget
Children/Families	\$400,000	\$400,000
Public Safety	\$5,792,081	\$618,176
Job Creation	\$1,139,047	\$1,546,611
Other County Services	\$24,112,798	\$1,301,345
Total	\$31,443,926	\$3,866,131
<i>*A more detailed summary of appropriations is included on the following page.</i>		

¹ Governmental Accounting Standards Board:
https://www.gasb.org/jsp/GASB/GASBContent_C/UsersArticlePage&cid=1176156736506