

Attachment 2

Other California Counties' Response To Cannabis Cultivation Taxes

A survey of surrounding counties' response to the challenging cannabis market provided the information below which was gathered during in preparation of and response to the Measure S Ad Hoc Committee meeting of January 10, 2022.

- The only county polled which is suspending a cannabis tax is City/County of San Francisco. San Francisco has suspended its Cannabis Business Tax for a second year through Dec. 31, 2022. San Francisco's Cannabis Business Tax has not yet been implemented and was only estimated to generate \$8.8 million annually of its \$7.6 billion General Fund revenue. The impact on the much larger San Francisco budget is far less than the impact to Humboldt County. This tax would be levied mostly on the San Francisco dispensary marketplace which has been hit by several high-profile and costly burglaries, and smash & grab incidents in the last several months. In addition to lower retail sales in 2021, these robberies were noted as part of the reason for the suspension of the tax this year.
- Monterey County has frozen the amount of its cannabis cultivation tax and increased from one to two the number of times a year that a grower can amend the taxable square footage.
- In late January, the Board of Supervisors for Nevada County held a Cannabis 2022 workshop and directed the Tax Collector to implement the recommendation to transition from a cannabis gross receipt model to a square footage model. Nevada County's ordinance allows for the Board of Supervisors to implement certain changes, including this transition.
- Sonoma County's Board of Supervisors requested an extension of their current tax payment to April 30, 2022. In March, staff will provide the Board with additional policy options, which include tax suspension, reduction, freezing and converting to a gross receipts tax.
- Currently, Mendocino, Lake, Santa Barbara and Trinity Counties have no plans to reduce their cannabis taxes.
- The counties polled indicated a desire to work together to advocate the state for changes to assist cultivators in Northern California.

Any updates or changes to the information provided above will be addressed during presentation of the staff report at the Board meeting on February 1, 2022.