



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-13

For the meeting of: Aug. 9, 2016

Date: July 29, 2016
To: Board of Supervisors
From: Amy S. Nilsen, County Administrative Officer *AN*
Subject: Amendments to Legislative Platform

RECOMMENDATION(S):

That the Board of Supervisors:

1. Add the proposed language regarding "Collection of Cannabis Taxes" to the State Legislative Proposals in the Legislative Platform; and
2. Add the proposed language regarding "Alternative Pathways for Pilot Candidates to Receive Certificates" to the Federal Legislative Proposals in the Legislative Platform.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

Each year, your Board updates and adopts a legislative platform which details the legislative issues the

Prepared by Sean Quincey CAO Approval *Elishia Hess*
REVIEW: Auditor _____ County Counsel *JS* Human Resources _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____
Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor *Fennell* Seconded by Supervisor *Sundberg*
Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*
Nays _____
Abstain _____
Absent _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *Aug. 9, 2016*
By: *Kathy Hayes*
Kathy Hayes, Clerk of the Board

county will advocate for in the coming year. Occasionally, after the legislative platform is adopted issues come to your Board that you may wish to advocate for. In those instances, either an individual letter of support or opposition is brought to your Board to be distributed as necessary, or an item is brought to your Board to propose an amendment to the legislative platform. Amendments to the platform allow your Board and county staff to advocate for those issues on an ongoing basis without further approval from the Board.

The items before your Board today are proposed amendments to the state and federal legislative proposals of the legislative platform.

On July 19, your Board decided to place a cannabis cultivation excise tax on the November 2016 general election ballot. If passed by voters, it would be the first excise tax ever imposed by the county. As such, the county has no current method to collect such a tax. In 2014 when voters passed Measure Z, a half-cent sales tax, there was already a mechanism involving the state Board of Equalization to help calculate and collect that tax. As the county looks at ways it could collect the excise tax staff has discussed posting the cannabis cultivation tax charges on the secured or unsecured rolls and including the charges on property tax bills. As has been noted in various reports submitted to your Board, cannabis cultivation sites are regularly established and dismantled quickly. Even though cultivators will be required to get a county permit to legally operate, a permit holder can vacate a site relatively easily with little recourse if they do not pay the excise tax. A change in state law would be required to place the cannabis charge on the property tax bill as the Government Code has strict guidelines on the charges that can be collected via property tax bills. It should be noted that if these efforts are successful and cannabis charges are placed on the secured rolls, nonpayment could result in a lien being placed on the property, even if the permit holder is leasing the land for their cultivation site.

Recommendation No. 1

The proposed amendment is as follows:

State Legislative Proposal

COLLECTION OF CANNABIS TAXES

California Business and Professions Code Section 19348, as enacted by the Medical Cannabis Regulation and Safety Act of 2014, provides that counties may, pursuant thereto and “existing law” impose a tax “on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products by a licensee ...” If local commercial cannabis taxes are passed by voters, an appropriate, effective, and efficient tax collection method must then be implemented.

While the County of Humboldt is certainly supportive of taxing this previously unregulated industry, the transient nature of commercial cannabis cultivators presents significant challenges regarding the approval and collection of such taxes. For example, it will be extremely difficult, if not impossible, for counties to collect taxes from commercial cannabis cultivators who lease the land on which their crops are grown and then leave the property soon after that year’s harvest. However, in order to obtain a local permit to cultivate commercial cannabis in Humboldt County, which must be obtained prior to the receipt of a state license, an applicant must either be the record title owner of the parcel, or submit an original notarized letter of consent signed by the owner of the parcel. Accordingly, the owners of all parcels on which permitted commercial cannabis is being cultivated will be aware that such activities are occurring on their property.

Therefore, due to the nature of the commercial cannabis industry and the need to provide local services with tax revenues generated therefrom, including, without limitation, environmental cleanup for illegal grows and drug rehabilitation services, the County of Humboldt supports legislation that would give counties a wider range of alternatives regarding the collection of commercial cannabis taxes imposed pursuant to existing laws other than California Business and Professions Code Section 19348(a). Potential alternatives may include, but are not limited to, the ability to include all commercial cannabis taxes, regardless of the authority under which they are imposed, on property tax bills and collect such taxes in the same manner, and subject to the same penalties and priority of lien, as other charges and taxes fixed and collected thereby.

On the federal legislative side, the county is always looking at ways to strengthen its ability to provide commercial air service at the California Redwood Coast – Humboldt County Airport (ACV). To this end, the county may be interested in advocating to return the minimum time a pilot must have in the cockpit in order to fly a commercial airplane back down to 250 hours, where it was before a congressionally mandated rule that took effect in 2013 changed that requirement to 1,500 hours. This increased requirement is negatively affecting small regional airports such as ACV, playing a significant factor in the closure of some airports as airlines are experiencing a pilot shortage and reserving pilots for larger hubs.

Recommendation No. 2

The proposed amendment is as follows:

Federal Legislative Proposal

ALTERNATIVE PATHWAYS FOR PILOT CANDIDATES TO RECEIVE CERTIFICATES

In 2013, the Federal Aviation Administration (FAA) finalized a rule that requires all commercial airline pilots to obtain at least 1,500 hours of flight time before receiving their Airline Transport Pilot (ATP) certificate. Notably, this new requirement is six times higher than the previous standard of 250 hours.

While the new 1,500 hour threshold was meant to increase flight safety, it has significantly contributed to a pilot shortage, one that is particularly felt by small regional airports like the California Redwood Coast – Humboldt County Airport (ACV). In fact, many airlines have already dropped commercial service to small airports like ACV because they cannot recruit enough pilots to meet these requirements. Meanwhile, those pilots who are qualified are typically reserved to fly routes serving larger airports. Losing commercial air service to ACV would have a devastating impact on Humboldt County's local economy and will likely put additional strain on county roads, as more citizens will be forced to take longer trips to get to the nearest airport.

The county supports legislation that would address the current and looming commercial pilot shortage. In particular, the county supports efforts to reduce the total number of hours pilots need to receive their ATP certificate, as well as alternate pathways for pilots to reach the 1,500 hour threshold

FINANCIAL IMPACT:

There is minimal financial impact to preparing this report. However, regarding recommendation No. 1, if Humboldt County cannot effectively collect cannabis taxes there is potential to lose millions of dollars in locally controlled revenue that cannot be taken by the state. Regarding recommendation No. 2, if Humboldt County lost air service due to a pilot shortage the local economy would suffer.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to alter the proposed amendments to legislative platform. Your Board could also choose to adopt one of these amendments, or not adopt the amendments at all. Staff does not recommended omitting these amendments completely as that would negatively affect Humboldt County's ability to advocate for the above-described issues during the current legislative sessions.

ATTACHMENTS:

None