



COUNTY OF HUMBOLDT

For the meeting of: 3/8/2022

File #: 22-278

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

Resolution Suspending a Portion of Cultivation Year 2021 Due in Tax Year 2022 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 2021, collected in tax year 2022, to bill and collect the Cannabis Excise Tax at a rate of 15% of the currently authorized rates, with the remaining 85% of the tax suspended for the 2022 billing cycle; and
2. As set forth in the resolution, direct the Treasurer-Tax Collector to not assess fees for late payment of the October 2021 excise tax installment (cultivation year 2020 2nd installment collected in tax year 2021), so long as all taxes are paid by Sept. 15, 2022.

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

At a special meeting on Feb. 7, 2022, the Board directed staff to draft a resolution reducing Measure S Cannabis Excise Taxes by 85% for cultivation year 2021, collected in tax year 2022. The Board also directed the Treasurer-Tax Collector to further defer the cultivation year 2020 2nd installment collected in tax year 2021, originally due by October 15, 2021, but now postponed and due by Sept. 15, 2022, without late penalty or fee.

Your Board agreed to reassess in the fall of 2022 the temporary suspension of the Measure S Cannabis Excise Tax for cultivation year 2022, collected in tax year 2023.

FINANCIAL IMPACT:

The estimated impacts to Measure S Cannabis Excise Tax revenues for Fiscal Year (FY) 2021-22 and FY 2022-23 are summarized below.

General Fund Measure S Tax Revenue (in millions)				
Tax Revenue	Budgeted FY 2020-21	Projected FY 2021-22	Estimated FY 2021-22	Estimated FY 2022-23
Measure S Excise Tax	\$ 18.1	\$ 9.2	\$ 3.9	\$ 5.1

Your Board will have the opportunity to discuss and provide direction on any shortfalls in revenue that the 85% reduction in Measure S Excise Tax will have on the FY 2021-22 or FY 2022-23 General Fund Budgets during the Mid-Year Budget Update on today’s agenda and throughout the development of the FY 2022-23 Budget.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by engaging in discussions of our regional economic future.

OTHER AGENCY INVOLVEMENT:

Treasurer-Tax Collector
Economic Development
Planning and Building Department

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board direction and discretion

ATTACHMENTS:

1. Resolution suspending a portion of Tax Year 2021 Cannabis Excise Tax and deferring certain dates and penalties

PREVIOUS ACTION/REFERRAL:

Board Order No.: C1, H1
Meeting of: 2-7-2022, 2-1-2022
File No.: #22-152, #22-87