Recommended tax incentives for Cannabis Excise Tax

Recommended Incentive No. 1: Improved use of renewable energy for 1.0 permittees

Recommended Value: $1,000 or 10 percent of the total tax bill, whichever is greater (maximum value of $5,000), given on a one-time basis.

Cultivators permitted under the CMMLUO (known as Ordinance 1.0) have less stringent requirements and fewer restrictions than those permitted under the CCLUO (Ordinance 2.0) regarding use of energy. For example, Ordinance 2.0 does not allow use of generators for those on land zoned Timberland Production (TPZ) land, and requires permittees who are not served by Pacific Gas & Electric (PG&E) for electricity to have 80 percent of their power produced by renewable energy. Staff recommends that this incentive apply to 1.0-permitted cultivators who achieve certain energy requirements outlined in the 2.0 ordinance.

Recommended Incentive No. 2: Road Improvements

$1,000 or 10 percent of the total tax bill, whichever is greater (maximum value of $5,000), given on a one-time basis.

The Board in 2010 adopted the 5 Counties Salmonid Conservation Road manual (5C), which provides a "user-friendly, fish-friendly … framework for the implementation of improved road maintenance practices." Similar to Incentive 1, those permitted under Ordinance 1.0 are not required to follow practices laid out in 5C, while 2.0 permittees are required to do so. This incentive would apply to 1.0 permittees who follow 2.0 guidelines regarding roads. In addition, any cultivation permittee who performs a permitted road improvement project that can show demonstrable improvement to the environment above and beyond the standards laid out in Ordinance 2.0 would be eligible for the incentive.

Recommended Incentive No. 3: Small Operator Incentive (5,000 square feet or less of outdoor or mixed light)

Recommended Value: $1,000 or 15 percent off permittee's annual tax bill, whichever is greater. Incentive given on an ongoing basis.

This incentive encourages cultivators to keep their operations small, thereby using less water and energy than larger farms. Instead of a one-time tax break, this would be given each year that an individual's total operation was 5,000 square feet or less, as reflected in their permit or their approved square footage reduction declaration. Also, consistent with prior Board intention to incentivize outdoor and mixed light, staff is recommending this incentive only apply to those types of grows.