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Mendocino County Board of Supervisors  
501 Low Gap Road  
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December 4, 2018

Re: Public Expression issue re: Minimum cannabis taxes and State licensing impact

Dear Honorable Supervisors:

HERE IS A BRIEF SUMMARY OF THE INFORMATION I MENTIONED IN PUBLIC EXPRESSION TODAY

1. By virtue of state statutes, no state Temporary licenses will be issued after 12/31.
2. Only persons who have or had a Temporary license will be eligible for state Provisional licenses.
3. If one does not have a state Temporary license or Provisional license in effect, they would have to apply for a state Annual license and will have to wait until after it is issued (predicted to be 6-12 months at least) before they may conduct any of the activity requested under the application.
4. In late October, CDFA issued a memo MOVING the deadline for acceptance of State Temporary license applications from 12/31 to 12/1.
5. BCC and CDPH (which licenses Microbusiness, Retail, Distribution [including distributor-transport only], Testing Labs, and Manufacturing), did not change the submission date for applications for temporary licenses, but a few days ago issued a memo stating that there may not be enough time for the state agencies to review and process the applications if they were not received now, especially because of the 10 day local verification process. As a result, I believe that anyone submitting much after this week, would likely not be likely to wind up with a temporary state license form those agencies. It is even possible that all that have submitted already or within this week might not get issued temporary licenses.
6. In order to apply for ANY kind of State license, an application MUST have the embossed receipt, permit, business license (temp or regular) from the local jurisdiction and must upload a copy of it in order to apply for the Temporary or Annual license.
7. Many people were not able to obtain appointments with Ag Dept. or were not able to secure local embossed receipts, permits and licenses because of a backlog of building plan approvals or other backlogs in various County Departments, in time to meet the December 1<sup>st</sup> deadline for CDFA and may not make it in time to apply for a Temporary license with BCC or CDPH.
8. Currently, folks that need to establish prior cultivation and start the permit process for eligibility in Phase 1 before 12/31, but they would be unable to obtain a state Temporary license and therefore would have to go straight for an annual license, which could take 6-12 months.
9. **All of this results in folks needing to establish local authorization for either cultivation or other cannabis business activity well before they will actually be allowed to begin the activity** if they do not have a Temporary state license (which will be transitioned to a Provisional license after the 1<sup>st</sup>).
10. **Currently Our taxation system applies a minimum tax whether or not sales were actually effectuated. Please consider addressing this in a comprehensive way for all of those affected by this unfortunate timing issue.**
11. I have spoken to Ms. Schapmire and she is very willing to discuss this issue and brainstorm. She specifically was concerned because currently all registrations trigger a minimum tax for all of 2018 even if the registration is at the end of the year and she now understands that some folks might have part or all of 2019 before they are able to conduct any activity even though they had to apply for a local permit or license.

Thank you for your consideration.

Hannah Nelson