

County Tax

My name is Gerasimos Christoforatos, Willits

Lady and gentlemen of the board, good day to you all. I d like to start out by saying that I am here on my own behalf, I do not represent anyone but myself, and I must also make it clear, that i have never paid for anyone to speak on my behalf.

I believe that what I will tell you today could stand true for many other cannabis folks as well, but this is my own opinion.

~~My face is a new face here today, compared to the familiar faces you are normally used to seeing in your chambers. But just because I am an unfamiliar face, please don't take that as <sup>a sign of</sup> me not paying attention or being involved in the process. I do watch your board meetings, live if possible, or a recorded version of them at a later time. My reason for not being able to be here is Family life, I have an 11 year old boy who is excited about life, a fiancé, we are working on getting married this year, trying to bring a business off the ground while staying on top of the ever changing landscape, regulations, paperwork, permitting, etc. then we have things like the upkeep of property, water heaters, pipes, gas lines, chickens, dogs, you name it... and then everything else that life has to offer.~~  
So As much as I'd like to be here when the board meets, sometimes there are other more urgent situations calling. But know that I take these meeting and the discussions there of very seriously, because it does affect myself, my family and my community. So the discussions being had are very important to us all.

That being said, I'd like to commend you for the work you have done thus far. I can't imagine how difficult it must have been, and still is, to firstly try to find a place to dive off of into the unknown, and secondly, to find solutions to all the arising problems, issues, that were and are to follow.

*I understand that*  
~~And~~ all this doesn't take into consideration the reality that Our community has always been divided on this matter. We all know some of our community members still are at odds. <sup>with cannabis</sup> So thank you for standing strong to do the due diligence, to find common ground, yet to find find middle ground. It's courageous of you guys so I commend you all.

So all this being said,

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taxes...

We just got rid of 2017 flowers for \$75 a pound after excise tax. I just sold 2017 cannabis in 2019. For \$75 a lb after excise tax. We couldn't get rid of it in 2018. The retail end was not set up to handle what was coming down the pipeline. For whatever reasons, that was reality. I will respectfully take part responsibility, but I believe part of that responsibility is due to the cannabis environment and the way the system is set up currently. Only getting \$75 a lb was and is a huge loss to our business. Especially on our first year of business. How did this happen? How is this still happening? Because it's still happening. There is back log. The pipe line isn't working. We only have handfuls of farms permitted and there's back log of inventory. The system is not set up to fully function yet. Will it ever? I don't know. None of us know. The other tail end of this chain, retail, is not set up properly enough to be able to handle the cannabis

flowers coming down the pipeline. And so, the farmers sit and wait. Hoping for something to shift.

So to really look at this tax structure, For this first quarter in 2019, I will have to pay the county the 2.5% tax for flower grown in 2017. Normally that flower is sold in 2018. Because I didn't sell enough of the 2017 product in 2018, and raise enough tax revenue, I am getting penalized. And on top of it, to make matters worse, the 2.5% county tax is of the gross, pre excise tax. So im paying the 5000\$ flat tax, ~~I just sold that cannabis flower~~ and will pay tax for it again for this quarter, and I will pay tax on the excise tax I gave to the state. I was recently laughed at by some economists when I presented this information to them. They actually didn't believe me. So we are paying tax on top of tax on top of tax. So my \$75 gain.... or loss... however you want to look at it, now gets curtailed even more. This is not a sustainable model. We need to find solutions.

now to  
I ~~must~~ clarify

I am not in any way shape or ~~for~~ <sup>form</sup> claiming that I, we, should not pay taxes, I am not claiming that the taxes are the reason for the failure... I am however asking you the board, to take a hard look at the big wider picture. We must be aware of every piece of the puzzle to understand the situation we are in. To understand how and what we need to do as a community to make it work. Because without the tax revenue, this doesn't work for neither party. Without the business owners being able to stay in business, this too doesn't work for neither party. So hopefully we can find that middle ground, where we can all thrive and succeed together.

So now I'm sitting on my 2018 crop waiting for things to line up, but

*the same issues*

everywhere we go, it's just a waiting game. And I know my crop is top notch, grown regeneratively, organically, responsibly, and it shows in the product. And that's not my ego talking. It's what dispensaries and distributors have told me. They just have no where for it to go. And I'm sure there are many reasons for this. Vertical integration, perhaps, maybe the fact that we, the farmers can't take product directly to market, we are dependent on the rest of the system and so there's no way to help ourselves. But just to note, this whole system, the whole economy, from days of old, it's always been built on the back of the farmers. And it still is. Cause without the farmer we have absolutely nothing. Without the nursery owner, we have nothing.

So to close, please remember, that because we are not in the audience, that does not mean we don't care, nor that we are not paying attention. We care deeply. And know that we are still chiming in, listening in, paying attention and playing our roles as best we can.

And so today, I thank you for your time, your ears and your hearts...+  
*understanding*

Thank you.

I was recently speaking with some elders who have been invested in markets and know the way finances work, they were shocked when I explained my situation and thought I was pulling their leg. But it's reality