

Sec. 6.32.050 - Tax Imposed.

- A. There is established and imposed a cannabis business tax at the rates set forth in this Chapter. Every person who is engaged in commercial cannabis cultivation in the unincorporated area of the County shall pay an annual cannabis business tax.
- B. Tax on commercial cannabis cultivation excluding nurseries.
 - 1. Every person who cultivates commercial cannabis in the unincorporated area of the County shall pay an annual commercial cannabis business tax. The initial tax rate effective January 1, 2017 through December 31, 2020 , shall be set at two and one half percent (2.5%) of the gross receipts per calendar year; provided, however, that cultivators shall pay not less than the following amounts:
 - a. Persons cultivating pursuant to a cultivation permit applied for or issued pursuant to Chapter 10A.17 that authorizes the cultivation of a maximum of two thousand five hundred (2,500) square feet of cannabis (including, but not limited to, Type C, Type C-A or Type C-B cultivation permits) shall pay a tax of no less than one thousand two hundred fifty dollars (\$1,250) per calendar year.
 - b. Persons cultivating pursuant to a cultivation permit applied for or issued pursuant to Chapter 10A.17 that authorizes the cultivation of over two thousand five hundred (2,500) square feet and up to five thousand (5,000) square feet of cannabis (including, but not limited to, Type 1, Type 1A and Type 1B cultivation permits) shall pay a tax of no less than two thousand five hundred dollars (\$2,500) per calendar year.
 - c. Persons cultivating pursuant to a cultivation permit applied for or issued pursuant to Chapter 10A.17 that authorizes the cultivation of over five thousand (5,000) square feet of cannabis (including, but not limited to, Type 2, Type 2A and Type 2B cultivation permits) shall pay a tax of no less than five thousand dollars (\$5,000) per calendar year.
 - d. Persons who file a Notice of Non-Cultivation with the Department of Agriculture pursuant to Chapter 10A.17 shall not be required to pay the minimum payment amounts required by this paragraph B.1 for either (1) the calendar year in which the Notice of Non-Cultivation is filed or (2) the calendar year in which the Notice of Non-Cultivation terminates, at the election of the Person, which election shall be made at the time of the filing of the Notice of Non-Cultivation; for Persons who do not make an election, the Treasurer-Tax Collector shall select the first of the two calendar years.
 - e. Payment of the minimum payment amounts required by this paragraph B.1.

shall be effective starting January 1, 2018.

2. As of July 1, 2020, such tax rate may be increased in two and one half percent (2.5%) increments, not to exceed the maximum tax rate of ten percent (10%) per calendar year on gross receipts. Incremental increases in the tax rate shall occur January 1 following an approval by the Board of Supervisors at a regularly scheduled meeting of the Board of Supervisors, and occur not more than once per calendar year.

C. Tax on commercial cannabis dispensaries.

1. Every person who is engaged in business as a dispensary in the unincorporated area of the County shall pay an annual commercial cannabis business tax. The initial tax rate effective January 1, 2017 through December 31, 2020 shall be set at five percent (5%) of the gross receipts per calendar year.
2. As of July 1, 2020, such tax rate may be increased in two and one half percent (2.5%) increments, not to exceed the maximum tax rate of ten percent (10%) per calendar year on gross receipts. Incremental increases in the tax rate shall occur January 1 following an approval by the Board of Supervisors at a regularly scheduled meeting of the Board of Supervisors, and occur not more than once per calendar year.

D. Tax on all other commercial cannabis businesses.

1. Every person who is engaged in business as a distributor, delivery service manufacturer, processor, nursery, testing laboratory, and transporter in the unincorporated area of the County shall pay an annual commercial cannabis business tax. The initial tax rate effective January 1, 2017 through December 31, 2020 , shall be set at a flat rate of two thousand five hundred dollars (\$2,500) per calendar year.
2. Beginning on July 1, 2020, and on July 1 of each succeeding year thereafter, the amount of the tax imposed the following January 1 by this paragraph D of this Section shall be adjusted up to the equivalent to the most recent change in the State Department of Industrial Relations (or successor agency) in the Consumer Price Index (CPI) for all urban consumers (California). However, no CPI adjustment resulting in a decrease of any tax imposed by this paragraph D shall be made.

(Ord. No. 4361, § 1, 8-2-2016; Ord. No. 4412, § 3, 7-10-2018)