

March 26, 2019

Mendocino Board of Supervisors -

My name is Krishan Knoles. I am a 10 year resident of Mendocino County.

For the first time, I want to make a public expression to the BOS. And submit a written document. This is about Cannabis - and specifically the "annual true up" that is being imposed by the Tax Collector.

My situation is that I have a Mendocino County Cannabis Cultivation Application Receipt issued on November 11, 2018. The Mendocino application is for a vacant piece of land on the Potter Valley floor that has no cultivation history and is undeveloped. I was issued my State of California CDFA temporary cultivation permit on the evening of the last day of 2018 - December 31st at 4 pm. Because I held a Mendocino Application Receipt for that property, I am being charged the "annual true up" - even though I only had a State permit to cultivate for eight hours of 2018.

There were certainly no cultivation or sales during 2018 - because it would have been *illegal* to do so without a State permit. However the county insists on payment of a \$5000 "annual true up", "minimum tax amount" on "sales" because I held a Mendocino application receipt, even though it would have been illegal to cultivate, let alone harvest and sell a crop without a State Permit. This is a very frustrating and unfair situation. A classic catch 22. I abide by the law, and pay my taxes fairly. This minimum tax is not fair.

I very much doubt a case could be made, that a fee or minimum tax on sales was legal, if it would require me to break state law, in order to participate.

I have found an elegant solution in the existing Mendocino tax code to this problem. It would need direction from the board, but could be implemented with no new changes being made to existing county codes. I believe all parties would see the logic and fairness of this solution. We all, of course, want to avoid potential legal complications.

If the supervisors were to direct Department of Agriculture to allow retroactive filing of a **Notice of Non-Cultivation with the Department of Agriculture pursuant to Chapter 10A.17** for the year 2018, then, according to Mendocino County Code of Ordinances **CHAPTER 6.32 - CANNABIS BUSINESS TAX - Sec. 6.32.050 - Tax Imposed. part B paragraph d.** - I would therefore not be required to pay the minimum annual tax payment amounts for 2018 - because no cultivation took place, as it would have been illegal to do so.

This is only logical and legally correct - because asking for payment of a fee or minimum tax on sales activity that would require me to break the law, and that has never occurred, is ridiculous. And possibly illegal itself.

It has come to my attention that this issue affects several people in the county program, and has been acknowledged to me as a "problem" by the Mendocino Dept of Ag.

It seems that there is a simple fix here that doesn't require any new code or ordinances.

I look forward to paying my taxes to the County once legal cultivation and sales commence.

Sincerely,

Krishan Knoles, Cannabis Cultivator.

