



Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 95482

June 1, 2021

Re: Item 3a for 6/2/2021: Discussion and Possible Action Including Direction to Staff to Draft Tax Relief for Licensed Cannabis Cultivators 10,000 Square Feet and Less and Increase Tax for Larger Farms, in a Manner That Would be Revenue Neutral to the County.

Honorable Supervisors,

We sincerely appreciate the intent of this agenda item to support the tax relief of small, licensed cannabis cultivators of Mendocino County. We see this conversation as an important step on the path to creating more stability for our community of small cannabis businesses.

We offer the following as considerations, and would be happy to work with the Board and County Staff to develop an equitable approach to local cannabis taxation.

1. Collect no cannabis cultivation tax for permits of 10,000 sq ft or less of canopy.
2. Implement progressively tiered cultivation taxes for permits of 10,001 sq ft or more of canopy based on percentage of gross sales, starting at 2.5% at 10,001 sq ft and increasing by 0.5% for every additional 10,000 sq ft of canopy.
(ex: 3% at 20,001 sq ft, 3.5% at 30,001 sq ft, etc.)
3. Create parity for cannabis business taxation, conditions, terms and related penalties to all local business taxes in the County.
4. Enable those who voluntarily choose to reduce their canopy size due to drought or any other reason to be able to receive a related reduction in their tax burden.
5. In the case of cultivation and microbusinesses, ensure that non-operational licensees are not being asked to pay a tax on activities that they are not undertaking.
6. Ensure that operators are not required to pay a fee to 'Appeal' their tax obligation when they choose to close their business, or if their farm is lost due to fire or circumstances beyond their control.

7. Consider deleting from any future cannabis tax ordinance items 6.32.040(Q)¹ 1, 6, 7 and 8.

We appreciate your consideration on these items and look forward to working with you further to create a more equitable tax structure for local cannabis businesses.

Sincerely,

Mendocino Cannabis Alliance
e: info@mendocannabis.com

¹ <https://mendocino.legistar.com/View.ashx?M=F&ID=9437276&GUID=4B38F8C7-C576-4AF6-8960-95CBA2DAF966>