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**COUNTY OF MENDOCINO**  
**BOARD OF SUPERVISORS**

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April 5, 2022

The Honorable Steven Bradford  
California State Senate  
State Capitol Sacramento, CA 95814

RE: SB 1281 (Bradford) Cannabis taxes. - SUPPORT

Dear Senator Bradford,

The County of Mendocino is pleased to support your bill, SB 1281 which would eliminate the cultivation tax, reduce the excise tax from 15 percent to 5 percent, and move the collection and remittance of the excise tax from the distributor to the retailer, effective January 1, 2023. The County of Mendocino is a pre-eminent producer county in the state of California, home to a very large number of multi-generational cultivators, manufacturers, and other added-value cannabis industry participants. The County embraced legalization and on May 4, 2017 implemented a regulatory framework to permit and tax commercial cannabis businesses. The County has been continually burdened by the onerous nature of State regulations, rapidly expanding illicit cultivation, and increasing economic instability of the legal market resulting in impacts to the jurisdiction's ability to provide other core mandated services.

A November 2021 sales report from BDS Analytics shows that legal cannabis sales in California fell by more than eleven percent (11%) when compared to last year, and that sales were down nearly eight percent (7.7%) from August 2021. Furthermore, the licensed cannabis market reports experiencing a price collapse and that the average wholesale price for dried cannabis flower has fallen to approximately five hundred dollars (\$500) a pound and that the average whole sale price for dry leaf and trim has fallen to thirty dollars (\$30) a pound making the current tax rate for dry flower equivalent to thirty-one percent (31%) of gross receipts and the current tax rate for dry leaf and trim equivalent to one hundred fifty-three percent (153%) of gross receipts.

The ongoing consequences of high State taxes combined with over-regulation continues to economically challenge legal cannabis businesses. It also continues to further disincentivize the permitting and licensing of new cannabis businesses, and the collection of cannabis business taxes by local jurisdictions, including the County of Mendocino. The County of Mendocino is pleased to support SB 1281, and thanks the Senator for bringing forward meaningful tax reform, in response to the urgent needs of legal cannabis businesses and local jurisdictions.

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Please contact County Counsel, Christian M. Curtis at (707) 234-6885 with any questions.

Sincerely,

Ted Williams  
Chair, Board of Supervisors