

COUNTY OF MENDOCINO

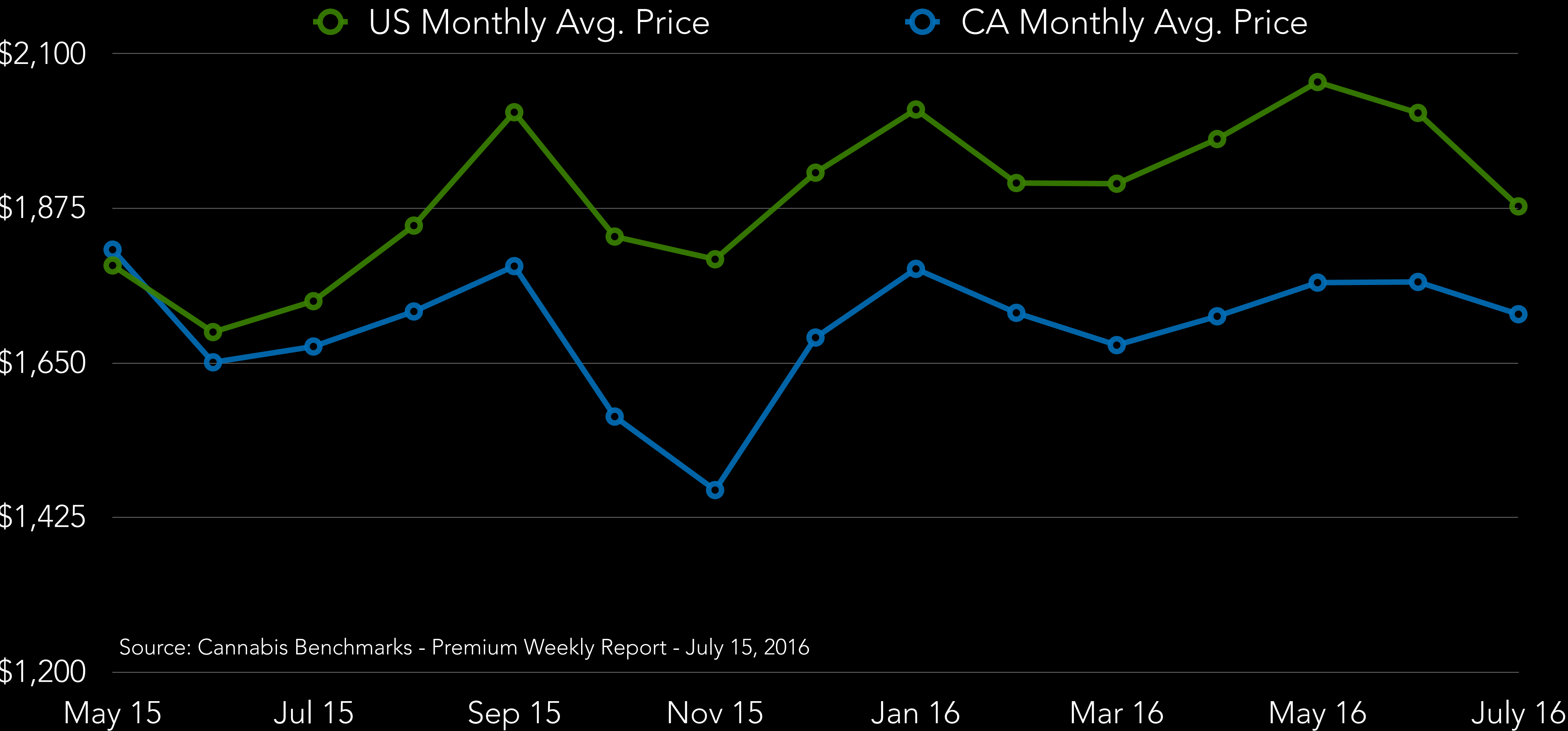
CANNABIS TAXATION



PRESENTATION OUTLINE

- *Cannabis Benchmarks* research
- Cannabis gross receipts
- Cannabis cultivation tax estimates
- Humboldt yield tax
- Potential ordinance adjustments based on July 12th discussion

CA CANNABIS WHOLESALE VALUE



CANNABIS GROSS RECEIPTS

Assumptions*

Pounds of flower per plant	2 to 4 lbs.
Grow size (sq. ft.)	5,000 sq. ft.
Grow Size (plants)	50
Price per pound#	\$1,647

* Per Emerald Growers Association & Mendocino Cannabis Policy Council
Per Cannabis Benchmarks Premium Report - CA Weighted Avg. (July 15, 2016)

CANNABIS GROSS RECEIPTS

Estimated Gross Receipts	5,000 sq. ft.
Low per harvest (2 lbs/plant)	\$164,700
High per harvest (4 lbs/plant)	\$329,400
Low (Four harvests/year)	\$658,800
High (Four harvests/year)	\$1,317,600

* Per Emerald Growers Association & Mendocino Cannabis Policy Council
Per Cannabis Benchmarks Premium Report - July 15, 2016

CANNABIS GROSS RECEIPTS

Tax Comparison	5,000 sq. ft.
Heritage Initiative (2.5%)	\$16,470 to \$32,940
Proposed Cannabis Tax (\$2.00/sq. ft.)	\$10,000
Proposed Cannabis Tax (% of gross)	0.7% to 1.5%

CANNABIS CULTIVATION TAX

Outdoor	Rate per sq. ft.	Maximum Annual Tax
Up to 2,500 sq. ft.	\$0.75	\$1,875.00
2,501 to 5,000 sq. ft.	\$1.00	\$5,000.00
5,001 to 10,000 sq. ft.	\$1.50	\$15,000.00
Over 10,000 sq. ft.	\$2.50	\$25,002.50 *

* Grows over 10,000 sq. ft. not allowed under current proposed ordinance. Number based on 10,001 sq. ft. grow.

CANNABIS CULTIVATION TAX

Mixed Light	Rate per sq. ft.	Maximum Annual Tax
Up to 2,500 sq. ft.	\$1.50	\$3,750.00
2,501 to 5,000 sq. ft.	\$2.00	\$10,000.00
5,001 to 10,000 sq. ft.	\$2.50	\$25,000.00
Over 10,000 sq. ft.	\$3.50	\$35,003.50 *

* Grows over 10,000 sq. ft. not allowed under current proposed ordinance. Number based on 10,001 sq. ft. grow.

CANNABIS CULTIVATION TAX

Indoor	Rate per sq. ft.	Maximum Annual Tax
Up to 2,000 sq. ft.	\$1.50	\$3,000.00
2,001 to 5,000 sq. ft.	\$2.00	\$10,000.00
5,001 to 10,000 sq. ft.	\$2.50	\$25,000.00
Over 10,000 sq. ft.	\$3.50	\$35,003.50 *

* Grows over 10,000 sq. ft. not allowed under current proposed ordinance. Number based on 10,001 sq. ft. grow.

HUMBOLDT YIELD TAX

	Yield Tiers	Tax Rate
Tier 1	Up to 300 lbs.	1%
Tier 2	301 to 600 lbs.	2%
Tier 3	over 600 lbs.	3%

* Proposed by the Humboldt Cannabis Chamber of Commerce

HUMBOLDT YIELD TAX

Yield Tiers		Tax Rate	Avg. Price/lb.	Estimated Tax Receipts
Tier 1	Up to 300 lbs.	1%	\$1,647	\$4,941.00
Tier 2	301 to 600 lbs.	2%	\$1,647	\$19,764.00
Tier 3	over 600 lbs.	3%	\$1,647	\$39,528.00 *

* An average 5,000 sq. ft. grow will produce 100 to 200 lbs. per cycle or an average of 400 to 800 lbs per year. Tier 3 numbers based on 800 lbs. per year.