

CARMEL J. ANGELO  
Chief Executive Officer  
Clerk of the Board



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

CONTACT INFORMATION  
501 Low Gap Road • Room 1010  
Ukiah, California 95482  
TELEPHONE: (707) 463-4221  
FAX: (707) 463-7237  
Email: [bos@mendocinocounty.org](mailto:bos@mendocinocounty.org)  
Web: [www.mendocinocounty.org/government/board-of-supervisors](http://www.mendocinocounty.org/government/board-of-supervisors)

February 4, 2020

Assemblymember Bonta  
State Capitol  
PO Box 342849  
Sacramento, CA 94249-0018

Dear Assembly Member Bonta,

I am writing on behalf of the unanimous Mendocino County Board of Supervisors in strong support of AB 1948 which will suspend the cannabis cultivation tax and reduce the cannabis excise tax rate from 15% to 11% on and after the operative date of the bill until July 1, 2023. The temporary suspension of the cultivation tax and reduction of the excise tax is a reasonable and prudent means of encouraging the transition from the underground black market economy to a legally regulated and sustainable industry.

The effect of the high cost of regulatory compliance, including taxation, coupled with a steep decline in the wholesale price of cannabis was not anticipated at the time of initial State legalization or the passage of Proposition 64. The combination of increased costs and reduced revenue has disincentivized the legal market while simultaneously guaranteeing the continuation of a robust black market. The temporary reductions included in AB 1948 will help level the playing field and encourage entry into the legal market for those cultivators who wish to legal but struggle financially to meet the high cost of compliance.

This legislation is particularly beneficial for small cultivators in Mendocino County, many of whom struggle to finance the cost of requirements imposed by the regulatory agencies. A temporary reduction in the tax burden will facilitate the completion of required environmental mitigations, many of which represent a one-time expense.

AB 1948 will simultaneously encourage development of the legal market and help undercut the black market. We are confident that this temporary reduction in the cost of compliance will significantly further the development of a legal and financially sustainable cannabis industry.

For all of the above reasons, the Mendocino County Board of Supervisors strongly supports the passage of AB 1948.

Sincerely,

John Haschak, Chair  
Mendocino County Board of Supervisors

cc: Senator McGuire

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