



May 10th, 2021

Re: BOS 5-11-2021 Meeting, Agenda Item 4a

Dear Honorable Board of Supervisors,

It's important for the County to have an equitable tax structure for the cannabis program. Those that are not operating in the legal commercial market should pay fines for operating illegally and not be required to pay a commercial sales tax fee since they are not operating within the California legal commercial market. It's perplexing that the County would require illegal operators to pay 2.5% sales tax if there are no reportable sales. It would seem more logical to assess a fee for cultivating without a commercial State license and/or County permit and require that the operator cease operations and/or establish a County and State permit and license.

The memo submitted by MCA brings up some very valid tax points, which CCAG supports. The County should consider restructuring the sales tax requirement and base it on actual sales for legal commercial operators. This has been brought up many times by cultivators in the past with the previous Board of Supervisors and it would be great to see the new Board reconsider the way the tax is structured.

Events such as the August Complex Fire in 2020 created many problems for commercial cannabis operators. Although many farms survived the fire and didn't lose their crop entirely, many are now dealing with smoke damage, ash and failed testing due to contaminants from the fire. Unfortunately our County and region may face fire again and the County needs to have a streamlined process for farmers to report crop loss or failure without needing to apply under a tax appeal process that has fees associated with filing an application. It's disappointing that the County would require an applicant that faced such enormous loss to have to pay application fees to be relieved of taxes. The County could create an affidavit that applicants could sign to relieve them of minimum tax requirements in the unfortunate circumstance that they experience crop failure or complete loss.

Thank you for considering these important points raised and we hope the Board will consider the recommendations made by MCA and CCAG on this Agenda Item.

Respectfully,

Monique Ramirez

For the Cannabis Advocacy Group (CCAG)