



# Mendocino County

## Legislation Details (With Text)

**File #:** 21-0564 **Version:** 1 **Name:**  
**Type:** Approval **Status:** Consent Agenda  
**File created:** 5/4/2021 **In control:** Board of Supervisors  
**On agenda:** 5/11/2021 **Final action:**  
**Title:** Direction to Staff to Begin Fully Assessing, Billing and Collecting Cannabis Business Tax, in the Current Calendar Year, to Initially Focus Expanded Application on Unlawful Cannabis Cultivation Sites that are Subject to Other Enforcement Action; Further to Direct Treasurer-Tax Collector, County Counsel and Code Enforcement to Provide a Report at the End of the Year with Recommendations (Sponsor: Supervisor Williams)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 05-10-21 MCA Correspondence, 2. 05-11-21 Covelo Cannabis Advocacy Group Correspondence

Date	Ver.	Action By	Action	Result
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**To:** Board of Supervisors

**From:** Supervisor Williams

**Meeting Date:** May 11, 2021

**Department Contact:** Supervisor Williams

**Phone:** 4441

**Item Type:** Consent Agenda

**Time Allocated for Item:** N/A

**Agenda Title:**

Direction to Staff to Begin Fully Assessing, Billing and Collecting Cannabis Business Tax, in the Current Calendar Year, to Initially Focus Expanded Application on Unlawful Cannabis Cultivation Sites that are Subject to Other Enforcement Action; Further to Direct Treasurer-Tax Collector, County Counsel and Code Enforcement to Provide a Report at the End of the Year with Recommendations (Sponsor: Supervisor Williams)

**Recommended Action/Motion:**

Direct staff to begin fully assessing, billing and collecting Cannabis Business Tax, in the current calendar year, to initially focus expanded application on unlawful cannabis cultivation sites that are subject to other enforcement action; further to direct Treasurer-Tax Collector, County Counsel and Code Enforcement to provide a report at the end of the year with recommendations.

**Previous Board/Board Committee Actions:**

None.

**Summary of Request:**

The Mendocino County Cannabis Business Tax, as approved by voters, applies to commercial cannabis cultivation whether lawful or unlawful. However, unlawful cultivators have not yet been assessed or billed for this tax which is assessed and collected from cultivators participating in the County's Cannabis Program. The disparity in collection creates an unfair business practice, negatively impacting licensed and permitted cultivators. Uncollected revenue is in the millions of dollars per year, if not tens of millions of dollars per year. Beginning in the current calendar year, staff should be directed to begin assessing, billing, and collecting the existing Cannabis Business Tax from commercial cultivators whether they are lawfully or unlawfully operating. Current minimum tax calculations are based on permit types, so it is expected staff will utilize the gross receipts section of the Ordinance. Assessments should be calculated based on the size of the garden footprint, or number of plants if the geographic footprint of the garden cannot be defined, using standard calculations to determine projected marketable yield and value at potential full maturity during the cultivation cycle. As this assessment is expanded to include unlawful cultivation, it should be initially focused on unlawful commercial cultivators that are subject to other enforcement action. A report to the Board from the Treasurer-Tax Collector, Code Enforcement and County Counsel at the end of the calendar year should also be directed, with perspective from staff as to the effectiveness of the assessment & collection process and to include potential recommendations to modify the ordinance

**Alternative Action/Motion:**

Provide alternate direction to staff.

**Supervisory District:** All

**vote requirement:** Majority

**Supplemental Information Available Online At:** N/A

**Fiscal Details:**

**source of funding:** N/A

**current f/y cost:** N/A

**annual recurring cost:** N/A

**budget clarification:** The costs of assessing and collecting business tax from illegally cultivated commercial can are not yet understood in relation to the potential tax revenues. If sites subject to enforcement action receive the initi staff will gain experience at sites they are already visiting. More information will be available at the end of the year.

**budgeted in current f/y:** N/A

**if no, please describe:**

**revenue agreement:** N/A

**Agreement/Resolution/Ordinance Approved by County Counsel:** N/A

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**CEO Liaison:** Executive Office

**CEO Review:** No

**CEO Comments:**

**FOR COB USE ONLY**

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Executed By: Atlas Pearson, Deputy Clerk I

Date: May 11, 2021

Final Status: Approved

