



Mendocino County

Legislation Text

File #: 23-0288, Version: 1

To: General Government Standing Committee

From: Supervisor Mulheren

Meeting Date: February 27, 2023

Department Contact: Kristin Nevedal
CEO Contact: Steve Dunncliff

Phone: 707-234-6680
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Time Allocated: 15 Minutes

Agenda Title:

Discussion and Possible Action Including a Recommendation to the Board Regarding Applicant Notification of a Previously Approved Cannabis Business Tax Reduction, Establishment of a Cannabis Business Tax Penalty and Interest Amnesty Program, and a Prior Year Cannabis Business Tax Payment Plan
(Sponsor: Supervisor Mulheren)

Recommended Action/Motion:

Recommend the Board direct staff to notify applicants of a previously approved Cannabis Business Tax reduction, and that the Board establish both a Cannabis Business Tax Penalty and Interest Amnesty Program, and a Prior Year Cannabis Business Tax Payment Plan.

Previous Board/Board Committee Actions:

April 19, 2022 the Board approved a 50% reduction of Cannabis Business Tax for a period of two years, starting in tax year 2022-23.

Summary of Request/Referral:

Due to meeting timing, and urgent action being needed, Supervisor Mulheren is requesting that a discussion regarding a Cannabis Business Tax Penalty and Interest Amnesty Program (Amnesty Program) and Prior Year Payment Plan (Payment Plan) be heard briefly by the General Government Committee and that a more robust agenda item with applicant data and back tax estimates will come to the full Board on March 14, 2023.

Per the discussion at the Board's April 19, 2022 meeting, cannabis cultivators are struggling with both market conditions and the cost of local and state regulations. In an effort to reduce this strain, and allow a larger number of cultivators to enter the regulated market through the local permit program, Supervisor Mulheren is requesting a recommendation from the Committee to bring an item to the full Board on March 14, 2023, that would include direction to the Treasurer-Tax Collector and Mendocino Cannabis Department to notify Cannabis Program applicants of the previously approved 50% reduction in Cannabis Business Tax for years 2022-23 and 2023-24.

In addition to this notification of the Board's prior action, Supervisor Mulheren is suggesting an Amnesty Program for penalties and interest from years 2019, 2020, 2021, 2022. Finally, Supervisor Mulheren is recommending establishment of a Prior Year Cannabis Business Tax Payment Plan for payment of all back

taxes from years 2019, 2020, 2021, 2022. The Payment Plan is intended to allow applicants to stay in the Program and catch up on their deferred taxes over three years, while keeping current with new taxes as they are due. Supervisor Mulheren's proposal for this Payment Plan is:

1. 25% of Cannabis Business Taxes due, for prior years 2019, 2020, 2021, 2022, by May 31, 2023
2. 50% of Cannabis Business Taxes due, for prior years 2019, 2020, 2021, 2022, by June 30, 2024
3. 25% of Cannabis Business Taxes due, for prior years 2019, 2020, 2021, 2022, by June 30, 2025

Supplemental Information Available Online At: N/A

Fiscal Details:

source of funding: Cannabis Business Tax

current f/y cost: N/A

annual recurring cost: N/A

budget clarification: Implementation of this plan will lead to a currently indeterminate amount of additional taxes.

budgeted in current f/y: No

if no, please describe:

revenue agreement: N/A

CEO Liaison: Executive Office

CEO Review: Choose an item.

CEO Comments:

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Executed By: Atlas Pearson, Senior Deputy Clerk

Final Status: Direction Given to Staff

Date: February 27, 2023

