

1- As of late 2025, Cannabis revenue in Lake County does not cover the cost of county regulation and administration expenses. CDD reported generating \$4571,565 in permitting revenue, which was only 65% of its projected year-to-year. Operating deficit fell short of covering the \$658,425 in actual expenses during the same period, the majority of which are attributed to staff salaries. For the 2025-26 fiscal year, the cannabis division had only generated 28% of its expected revenue as of Dec. 2025. The county has considered loaning money from the general fund to frontload the cost of cannabis operations until permit fees and other revenues can stabilize. While a "cannabis program services fee" was designed to cover costs like accountants and deputy sheriffs, current data suggests these fees have not yet reached the levels necessary to achieve a self-sustaining program.

2- The county has had to fund a variety of services, including a dedicated Deputy Sheriff position, and accountant positions.

3- As of early 2026, the Lake County Community Development Department has been operating with a significant budget deficit, leading to internal loans to maintain operations. After the 2025-2026 budget was approved, necessitating a \$390,000 loan from the county in late 2025 to cover employee salaries.

4- A multi-year practice where the building divisions' reserves (roughly \$1 million) were used to subsidize other divisions- such as Planning and Code Enforcement. It was anticipated that Cannabis measure C could generate over \$24 million annually, and even with a 50% tax cut, actual revenues are not matching the cost of oversight. While Measure C was intended to generate substantial revenue, recent analysis indicates the industry is in a downward spiral. 2023-2024 revenue reported at roughly \$2.58 million, far below earlier projections.

5- To lower revenue deficits for CDD, strategies include reviewing, analyzing and increasing fee structures, as current permitting, planning, and code enforcement activities are not fully cost-recoverable. One example is to reverse the 50% cannabis tax break. The Lake County tax payers should not have to subsidize the cannabis industry or any other for profit private industry.