



April 12, 2022

Lake County Board of Supervisors
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Re: April 12, 2022 Board of Supervisors Meeting – Public Comment Regarding Agenda Items 6.8

Dear Chair Crandell and Supervisors,

I would first like to applaud the Board and County Staff members for taking up the issue of local cannabis tax reform at the April 12, 2022 Board of Supervisors meeting. The topic of tax reform is incredibly important and relevant to the struggles currently plaguing the commercial cannabis industry in the State of California.

Agenda Item 6.8 - Local Cannabis Tax Reform

As the Board is well aware, commercial cannabis businesses including and perhaps most specifically, cannabis cultivators, are facing extinction as a result of overburdensome regulations, extremely high taxes, and the collapse of cannabis flower pricing. Although state cannabis tax reform is pending, it is unclear how long it will take for any single cannabis tax reform bill to pass through the state legislature. However, local governments have the power to take immediate action to help stave off what many fear could be the end of the local cannabis farmer.

Although Lake County has historically been a pioneer in the commercial cannabis industry, it is actually quite behind in its efforts to streamline and reform local cannabis cultivation taxes in light of the current state of the industry. Local jurisdictions including, but not limited to, the City of San Francisco, Sonoma County, Monterey County, and Humboldt County have already taken decisive action to help ensure that the cannabis cultivators within their borders do not go out of business because of local tax rates, local tax deadlines, or outdated local taxing procedures themselves. By lessening the tax burden on cannabis cultivators, the aforementioned localities are doing what is necessary to support legal commercial cannabis businesses and curb the development of the illicit cannabis market within the State of California.

My office stands with the Lake County Cannabis Alliance in its request for the County to:

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1. Immediately reduce the 2021 tax bill for all cultivators by 50%: and
2. For 2022, reduce the square footage tax to \$0.15 per square foot **of canopy** or enact a Gross Receipts of 1%.

If taken, the actions detailed above will help struggling farmers by lessening their tax burden for 2021 and ensuring that, moving forward, they are only taxed on the areas of their farms that make them money – the actual plant canopy.

The goal of the proposed changes is to ensure the cannabis industry's ability to be a long-term partner in the economic development and prosperity of the County as a whole and therefore, tax reform is actually in the best interest of the County as well as the farmers it will directly impact.

Time is of the essence with regard to local cannabis tax reform as each day more and more cannabis farmers are forced to choose between remaining in the legal commercial cannabis industry and closing up shop or reverting to participation in the illicit cannabis market. We, therefore, implore you to exercise your authority as the Lake County Board of Supervisors to take immediate action on this critical issue.

Respectfully submitted,



Blair N. Gue, Esq.