



## Legislation Text

---

File #: 21-909, Version: 1

---

### Memorandum

Date: September 14, 2021

To: The Honorable Lake County Board of Supervisors

From: Cannabis Tax Ad Hoc Committee

Subject: Review of and Recommendation for Cannabis Tax Usage & Expenditure Policies & Procedures

#### Executive Summary:

Your Board previously directed the Cannabis Tax Ad Hoc Committee (Committee) to meet and review the Cannabis Tax Usage & Expenditure Policies & Procedures (Policy). The committee has reviewed the current funding allocations and has set forth the following recommendations in the form of a revised Cannabis Tax Policy that is attached for your consideration. The substantive funding changes are highlighted below:

- 1) *Board of Supervisors Discretionary Fund* - The prior allocation of 7.5% would be adjusted to a \$500,000 fixed allocation. The \$500,000 allocation would be split evenly across the 5 districts. This resulting \$100,000 would be available to each Supervisor to spend wherever the greatest need exists within their district. The spending does not need to meet the criteria defined in any of the discussed categories.

An additional \$500,000 would be allocated in in FY 2021-2022, as these funds were not disbursed in the prior year.

- 2) *Cannabis Revenue Stabilization Fund* - The prior allocation of 15%, up to a maximum of \$2 million, has been adjusted to reflect the allocation that would be necessary to achieve a balance equal to at least one year of expected ongoing expense. This provides for smoothing of potential revenue shortfalls and allows the aforementioned services to be fully funded without the need for cuts to services. These funds will also be available to satisfy remaining obligations from CannGrants awarded in the prior fiscal year that have not yet been completed.

Allocations to the Stabilization Fund would cease so long as a balance, at a minimum, approximating ongoing expenses is achieved.

- 3) *Capital Improvement & Deferred Maintenance Fund* - As per your Board's direction during recommended budget hearings, this new category would be created with an allocation of \$1,000,000. Due to past funding shortfalls, there are many county facilities that are in need of necessary repairs and improvements. The \$1,000,000 allocation would allow these deferred actions to be addressed.
- 4) *Road Map Task Force* - This provides funding for the Board designated task force to focus on community revitalization efforts in this fiscal year's designated target area. There is \$1,000,000 allocated to this category.

There are also procedural changes recommended by the Committee to streamline the implementation of this policy. Generally, the Committee will serve as the primary mechanism to review and approve requests within Categories #1 - #4 of this policy, while the Road Map Task Force will fulfill this role for category #10.

Requests pursuant to Category #5, CannGrants, will follow the same process of being vetted by the Committee, however, they ultimately will return to the Board for final approval as these funds have not already been designated by the Board to be used for a particular purpose.

The revised policies and procedures are attached for your Board's review.

**If not budgeted, fill in the blanks below only:**

Estimated Cost: \_\_\_\_\_ Amount Budgeted: \_\_\_\_\_ Additional Requested: \_\_\_\_\_ Future Annual Cost: \_\_\_\_\_

**Consistency with Vision 2028** (check all that apply):

☐ Not applicable

- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> Well-being of Residents | <input type="checkbox"/> Public Safety               | <input type="checkbox"/> Disaster Prevention, Preparedness, Recovery |
| <input checked="" type="checkbox"/> Economic Development    | <input checked="" type="checkbox"/> Infrastructure   | <input type="checkbox"/> County Workforce                            |
| <input checked="" type="checkbox"/> Community Collaboration | <input type="checkbox"/> Business Process Efficiency | <input checked="" type="checkbox"/> Clear Lake                       |

**Recommended Action:** Approve in concept recommended amendment to the Cannabis Tax Usage & Expenditure Policy.