

Cannabis Tax

Public Comment Received March 8,
2022 through March 14, 2022 at
2:30 PM

From: [Brooke Koop](#)
To: [Kristin Horrell](#); [McCall Miller](#)
Subject: FW: Item 15 Cannabis Tax, on Board of Supervisors March 15th meeting
Date: Tuesday, March 8, 2022 1:59:21 PM
Attachments: [CB Premium Report 7 January 2022.pdf](#)

FYI

Brooke Koop, CPA

Assistant Auditor-Controller Treasurer-Tax Collector

Phone: 707.565.1294 | Fax: 707.565.3489 | E-Mail : Brooke.Koop@sonoma-county.org

From: Bill Krawetz <billkrawetz@comcast.net>

Sent: Tuesday, March 8, 2022 1:54 PM

To: Christina Rivera <Christina.Rivera@sonoma-county.org>; Brooke Koop <Brooke.Koop@sonoma-county.org>; CannabisTax <CannabisTax@sonoma-county.org>; Erick Roeser <Erick.Roeser@sonoma-county.org>

Cc: Chris Coursey <Chris.Coursey@sonoma-county.org>; James Gore <James.Gore@sonoma-county.org>; Susan Gorin <Susan.Gorin@sonoma-county.org>; Lynda Hopkins <Lynda.Hopkins@sonoma-county.org>; David Rabbitt <David.Rabbitt@sonoma-county.org>

Subject: Item 15 Cannabis Tax, on Board of Supervisors March 15th meeting

EXTERNAL

To: Christina Rivera, Department or Agency Name: Auditor-Controller-Treasurer-Tax Collector, County Administrator, County Counsel

Thanks for preparing the Summary Report and the many attachments. Nice information and background on the tax evolution.

Two minor comments, hopefully to help the conversation along and move this item to closure.

1. **Item 3 of “STAFF RESPONSES TO 1/4/2022 BOARD QUESTIONS” - Can we confirm market price? Your answer was “Other than asking cultivators directly, we have not located an official non-industry sponsored historical market prices database”.**
 - There is a company called Cannabis Benchmarks (division of New Leaf Data Services) that does poll growers weekly for their price information. Now, I can't say it's “an official non-industry sponsored” group, it does get its information from the industry, but it does show a much rosier picture of price levels than we heard at the BOS meeting. California specific pricing information is covered on pages 9 and 10 of their Jan 7 2022 report (see attached). The report does show prices as low as the \$300 a pound that our local growers mentioned at the board meeting, but it also show the weighted average Calif price of \$562 for outdoor and \$924 average for all types.

2. In the executive summary is the following statement “ As a reminder, the Cannabis Business Tax was enacted solely for general governmental purposes for the county and not for specific purposes.”
 - It’s true it’s a general tax and a general tax can be used on anything. But Measure A was clear that the funding was to support more than the cannabis program. I think all parties agree the cannabis program should at a minimum fund itself, but the promises of Measure A (and Prop 64) were much greater.
 - Here’s the Measure A wording:

Shall an ordinance be adopted imposing a cannabis business tax in unincorporated Sonoma County on cultivation up to \$38 per square foot (annually adjusted by CPI increases) or 10% on gross receipts, and on other cannabis businesses up to 10% on gross receipts, to fund essential county services such as addressing industry impacts, public safety, fire, health, housing, roads, and environmental protection, with funds staying local and subject to audits, generating undetermined revenue until repealed?^[2] ”

There is a natural inclination to help anyone hurt by recent events. In the case of our cannabis industry, they were not harmed by some disaster outside their control, like the fires and floods. Covid although it hurt many industries, cannabis was not one, in fact 2020 was their best year. No their problems were caused by their overproduction, which now in 2022 seems to be balancing out. The 10% reduction seems like a decent thing to do. Although I wonder if this sends a poor message to the taxpayers and sets a bad precedent for the future.

Thanks

NOW, Neighbors of West County

Bill Krawetz

From: Bill Krawetz [<mailto:billkrawetz@comcast.net>]

Sent: Tuesday, February 22, 2022 2:12 PM

To: 'Chris.Coursey@sonoma-county.org'; 'James.Gore@sonoma-county.org'; 'Susan.Gorin@sonoma-county.org'; 'lynda.hopkins@sonoma-county.org'; 'David.Rabbitt@sonoma-county.org'; 'Brooke.Koop@sonoma-county.org'; 'CannabisTax'; 'Erick Roeser'; 'Christina Rivera'

Subject: Cannabis tax relief is not warranted or advised

Feb 22, 2022

To:

Chris.Coursey@sonoma-county.org;

James.Gore@sonoma-county.org

Susan.Gorin@sonoma-county.org

lynda.hopkins@sonoma-county.org

David.Rabbitt@sonoma-county.org

Brooke.Koop@sonoma-county.org
CannabisTax@sonoma-county.org
Erick.Roeser@sonoma-county.org
Christina.Rivera@sonoma-county.org>

Dear Supervisors and County Staff

Subject: Cannabis tax relief is not warranted or advised!

The Cannabis industry has come to you asking for tax relief. The industry claims the recent drop in prices makes their cultivation taxes unaffordable. Taxes are not their real problem and tax relief is not the real long term solution. In reality, their problem is not a tax problem but a supply-demand problem which is now correcting itself and prices are rebounding!

Low prices were temporary, never as bad as stated and are now increasing due to a balanced market: During your 4Q21 meetings, the industry pointed to \$300 a pound price as being unworkable. But a January 7 2022 pricing study prepared by the industry (Cannabis Benchmarks) points to a much higher average price. It is true some sales were in the \$300 range, but the California average outdoor price was \$562, Greenhouse \$704, and indoor \$1368! Looking back to 2020 and early 2021, when the industry experienced records sales, record production, and high prices, you didn't hear of taxes. It wasn't until the Fall 2021 harvest flooded the market, depressing prices that the industry started to panic. Looking forward, on March 18, 2022 MJBuDaily reported the supply/demand is now balancing out, and accordingly California wholesale prices are now rebounding, with quality buds selling in the \$750 - \$1,100 price per pound range (up from bottom hit in Nov 2021 of \$400). Both the Benchmark report (page 10) and the MJBuDaily report are attached.

The Cannabis industry is experiencing normal economic growing pains. They over-produced, driving down prices. Now supply/demand is coming into balance and prices are going back up!

The financial health of the industry is much better than the industry wants you to believe:

The North Bay Business Journal on Feb 14, 2022 reported the North Bay Credit Union attributes its record growth to cannabis banking. So much so, they will be doling out a special dividend back to growers. Record deposits from cannabis sales plus a dividend! All this money flowing in from pot, yet the cannabis industry claims they don't have the money to pay their taxes. The cannabis industry claims one thing but their bank deposits say another. The Press Democrat reported on Feb 12, 2022 Lagunitas has teamed up with CannaCraft, a Santa Rosa-based cannabis production company, to produce a cannabis infused beer. Note 56 permits of the 104 permits granted a 5 year extension, or 54% were pulled by CannaCraft related business entities. This does not sound like a distressed company, or a company that would be impacted by low wholesale prices since its own production is used in retail sales.

Why special treatment for just this one industry? And a bad precedent: Over the last few

years, Sonoma County businesses and residents have felt the financial hardship of fires, drought, and Covid, none of these of their own making, yet no one has their hand out for tax relief. The cannabis industry by their own doing (by their own success) is now looking for special treatment.

Special treatment for this one industry will again be discussed by the Board in March when County staff provides data on the finances of the cannabis program. Taxpayers should not be forced to subsidize this industry. Tax breaks should not be awarded to an industry whose own success created their troubles, and which the market is now sorting out. Further any tax break sets a bad precedent for future governance.

Thanks

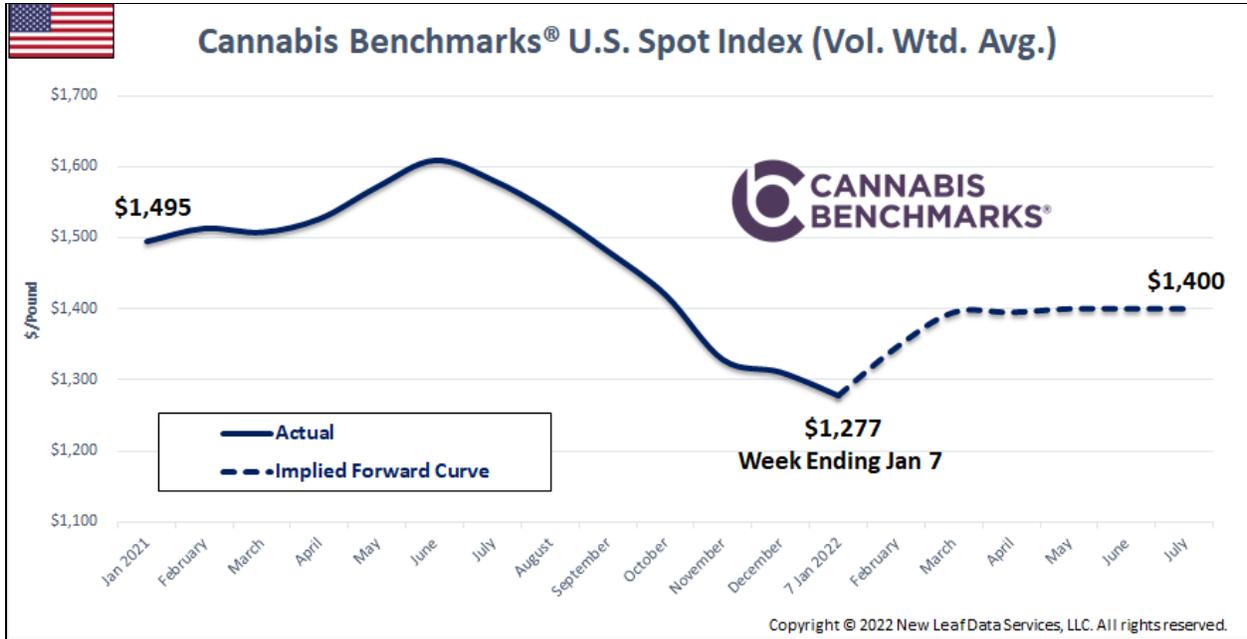
NOW, Neighbors of West County

Bill Krawetz

THIS EMAIL ORIGINATED OUTSIDE OF THE SONOMA COUNTY EMAIL SYSTEM.

Warning: If you don't know this email sender or the email is unexpected, **do not** click any web links, attachments, and **never** give out your user ID or password.

Premium Weekly Report for Week Ending 07 January, 2022



The U.S. Cannabis Spot Index decreased 5.3% to \$1,277 per pound. The simple average (non-volume weighted) price decreased \$64 to \$1,588 per pound, with 68% of transactions (one standard deviation) in the \$817 to \$2,359 per pound range. The average reported deal size increased to 2.3 pounds. In grams, the Spot price was \$2.82 and the simple average price was \$3.50. [[read the full commentary](#)]

July 2022 Implied Forward initially assessed at \$1,400 per pound. The average reported forward deal size declined to 64.6 pounds. The proportions of forward deals for outdoor, greenhouse, and indoor-grown flower were 37%, 47%, and 16% of forward arrangements, respectively. [[read the full commentary](#)]

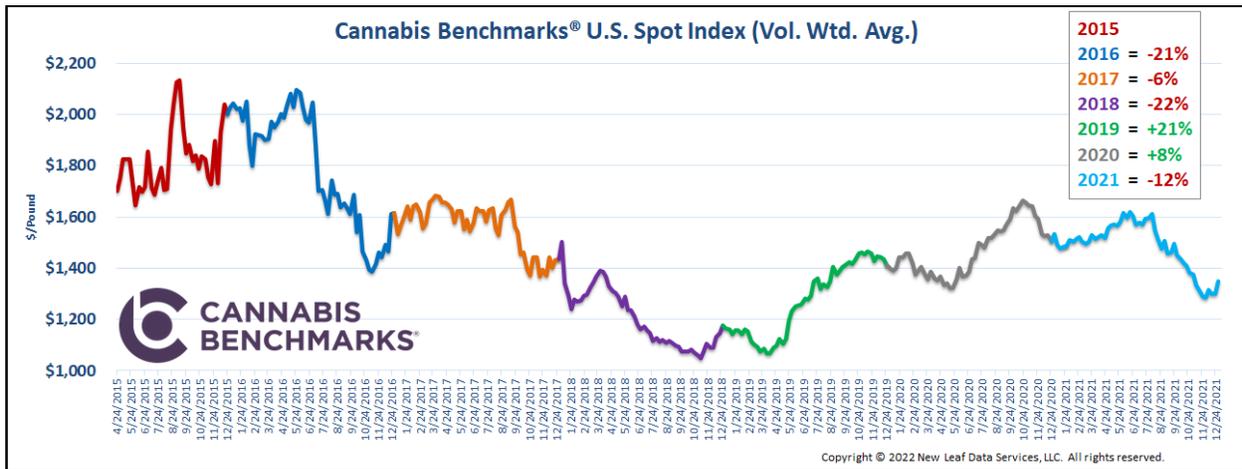
[Click to Jump to Detailed State Market Coverage](#)

California	Washington	Michigan
Colorado	Nevada	Illinois*
Oregon*	Arizona	Massachusetts
Other Markets		

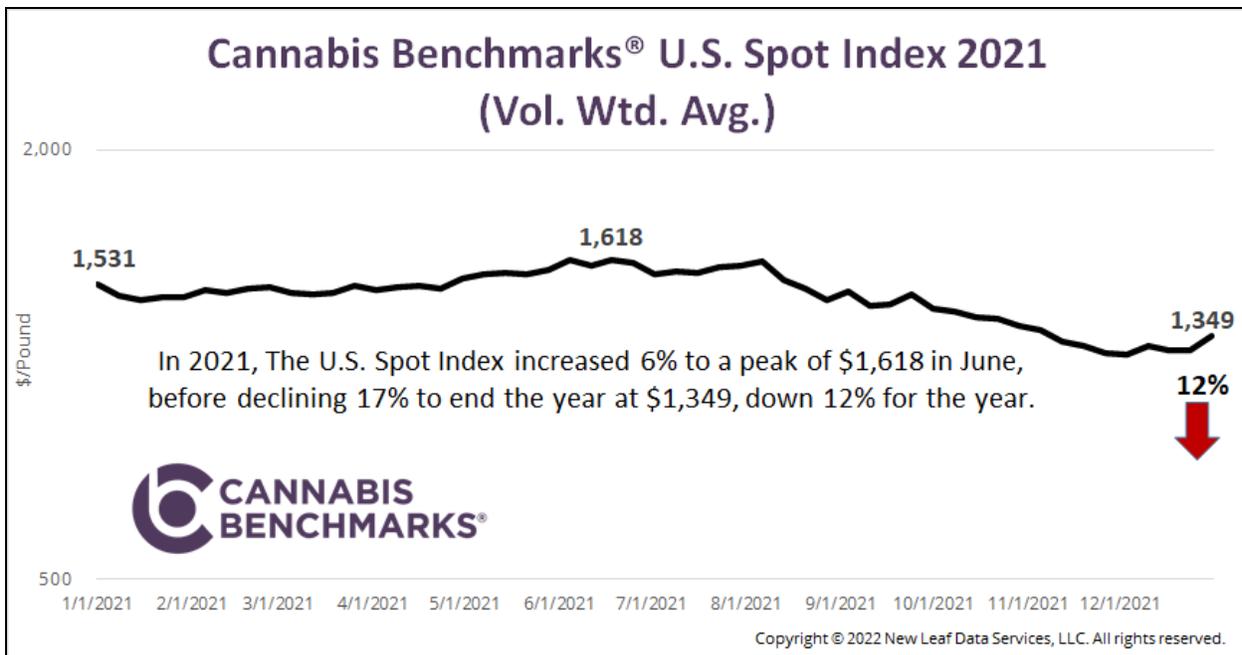
**Includes commentary*

U.S. Spot Market Commentary & Analysis

The chart below shows Cannabis Benchmarks' U.S. Spot Index since the inception of our price reporting in April 2015 through 2021.

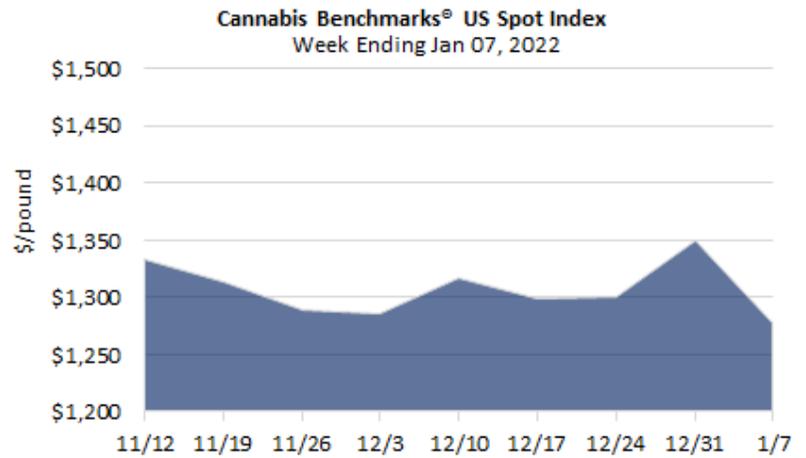


In 2021, the U.S. Spot broke from trends observed in 2019 and 2020, when the national wholesale flower price declined through the first quarter, then ascended from spring into Q4. Instead, 2021 saw a gradual upward trend in H1, followed by a steep drop off in the second half of the year. The H2 decline broadly recalls price behavior observed in 2016 and 2018.



The U.S. Cannabis Spot Index decreased 5.3% to \$1,277 per pound.

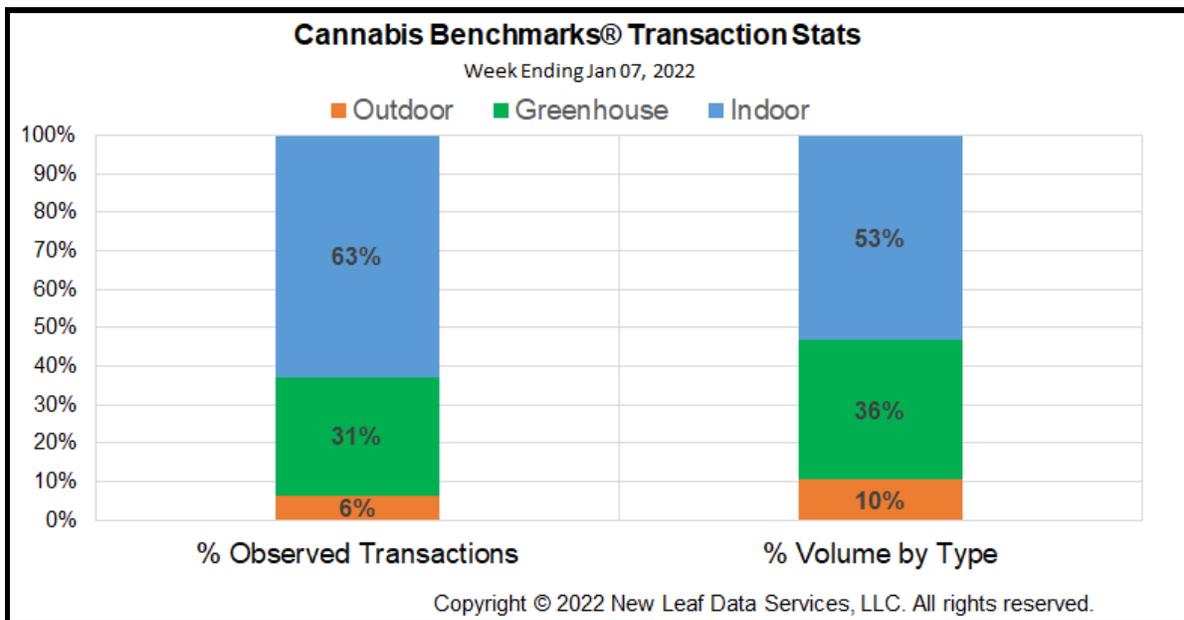
The simple average (non-volume weighted) price decreased \$64 to \$1,588 per pound, with 68% of transactions (one standard deviation) in the \$817 to \$2,359 per pound range. The average reported deal size increased to 2.3 pounds. In grams, the Spot price was \$2.82 and the simple average price was \$3.50.



Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

The relative frequency of transactions for indoor product decreased 2%, that for deals for greenhouse product increased by 2%, while that of outdoor flower was unchanged.

The relative volumes of indoor flower fell 3%, while that of greenhouse flower rose 1%. Outdoor flower’s relative volume increased by roughly 1%.



Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Indoor flower spanned from \$425 to \$4,315 per pound; the median price was \$1,411/lb.

Greenhouse flower spanned from \$350 to \$2,400 per pound; the median price was \$1,140/lb.

Outdoor flower spanned from \$300 to \$1,300 per pound; the median price was \$605/lb.

Cannabis Benchmarks® US Spot Simple Avg (Week Ending Jan 07, 2022)

	This Week	Last Week	Week on Week Δ
Total	\$1,588	\$1,652	-3.9%
Indoor	\$1,852	\$1,916	-3.4%
Greenhouse	\$1,239	\$1,287	-3.7%
Outdoor	\$657	\$636	3.4%

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Deal sizes for indoor flower ranged from 0.10 to 80 pounds.

Deal sizes for greenhouse flower ranged from 0.10 to 100 pounds.

Deal sizes for outdoor flower ranged from 0.20 to 50 pounds.

Cannabis Benchmarks® US Spot Weighted Avg (Week Ending Jan 07, 2022)

	This Week	Last Week	Week on Week Δ
Total	\$1,277	\$1,349	-5.3%
Indoor	\$1,650	\$1,717	-3.9%
Greenhouse	\$938	\$971	-3.4%
Outdoor	\$553	\$549	0.7%

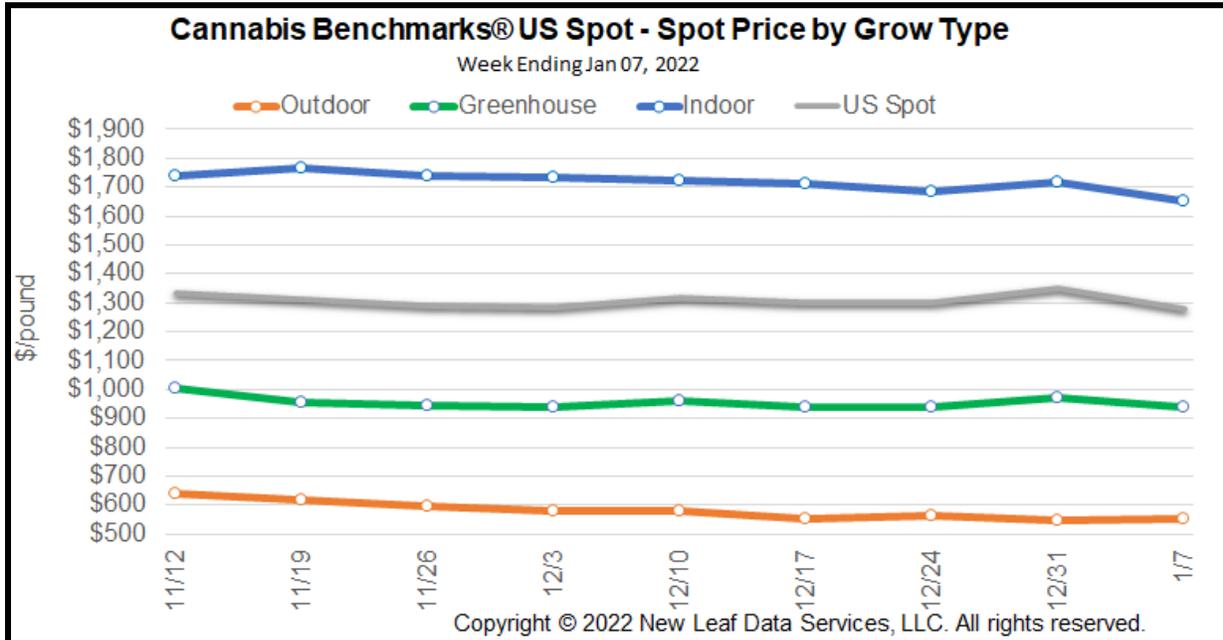
Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

U.S. Spot prices returned to trend this week after a brief holiday uptick, which took spot up to \$1,349 per pound in thin reporting conditions. Spot, at \$1,277, is now trading at levels not seen since June 2019, when price was in a strong uptrend that ran from May 2019 through mid-October 2019. The \$72 drop in the U.S. spot price is the largest weekly decline in the last two years, but given thin reporting conditions in the holiday week, it is not entirely unexpected.

Cannabis Benchmarks® US Spot Avg Deal Size (Week Ending Jan 07, 2022)

	This Week	Last Week	Week on Week Δ
Total	2.3	2.2	3.6%
Indoor	1.9	1.9	1.4%
Greenhouse	2.7	2.6	1.4%
Outdoor	3.8	3.2	19.3%

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



Cannabis Benchmarks®
Spot Price Market Summary - Week Ending Jan 07, 2022

	Vol. Wtd. Avg. (\$/lb)	Simple Avg. (\$/lb)	Vol. Wtd. Avg. (\$/g)	Simple Avg. (\$/g)	Avg. Deal Size (lbs)
US Spot	\$1,277	\$1,588	\$2.82	\$3.50	2.3
Alaska	\$3,670	\$3,639	\$8.09	\$8.02	1.8
Arizona	\$1,720	\$1,827	\$3.79	\$4.03	1.5
California	\$924	\$1,369	\$2.04	\$3.02	5.8
Colorado	\$1,083	\$1,154	\$2.39	\$2.54	1.9
Connecticut	\$3,244	\$3,267	\$7.15	\$7.20	1.4
D.C.	\$3,004	\$3,032	\$6.62	\$6.68	1.3
Illinois	\$3,758	\$3,836	\$8.29	\$8.46	1.5
Maine	\$2,596	\$2,715	\$5.72	\$5.99	1.3
Massachusetts	\$3,418	\$3,503	\$7.54	\$7.72	1.6
Michigan	\$1,903	\$1,947	\$4.20	\$4.29	1.1
Nevada	\$2,058	\$2,136	\$4.54	\$4.71	2.3
New Hampshire	\$2,884	\$2,884	\$6.36	\$6.36	1.0
New Mexico	\$2,492	\$2,603	\$5.49	\$5.74	1.1
Oklahoma	\$1,680	\$1,766	\$3.70	\$3.89	1.1
Oregon	\$1,037	\$1,060	\$2.29	\$2.34	1.4
Rhode Island	\$3,012	\$3,048	\$6.64	\$6.72	1.1
Vermont	\$2,524	\$2,524	\$5.57	\$5.57	1.0
Washington	\$1,048	\$1,232	\$2.31	\$2.72	2.0

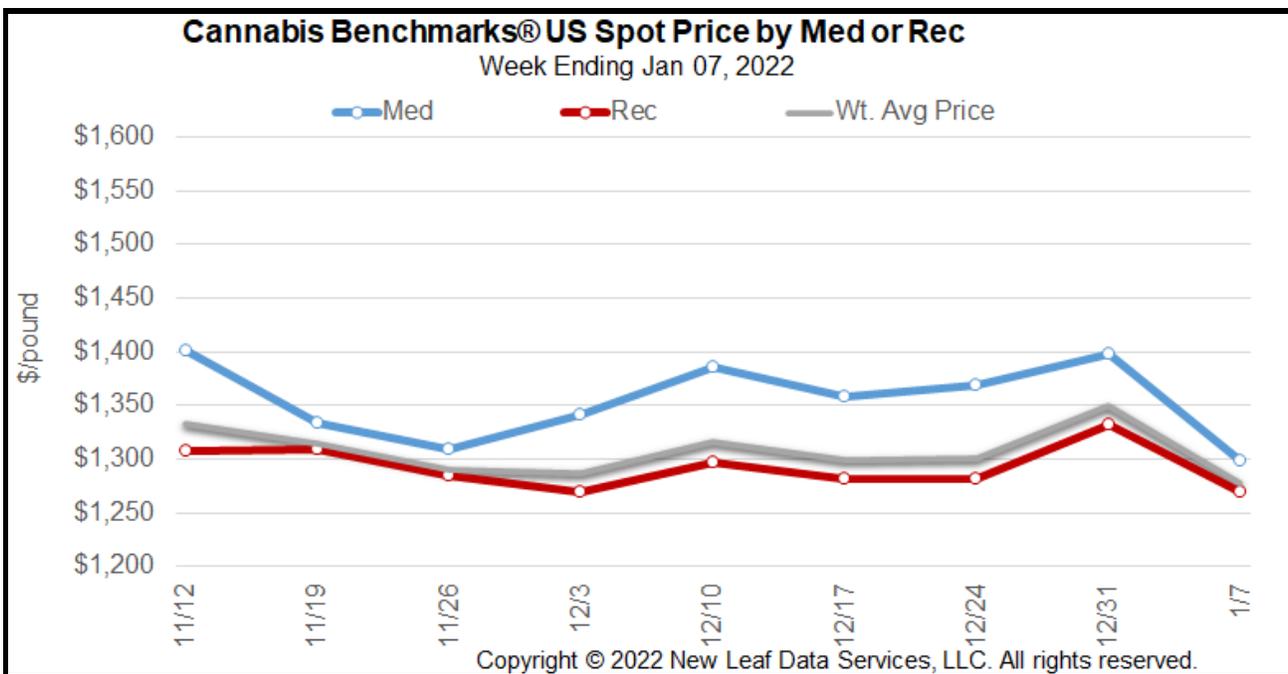
Copyright © 2021 New Leaf Data Services, LLC. All rights reserved.

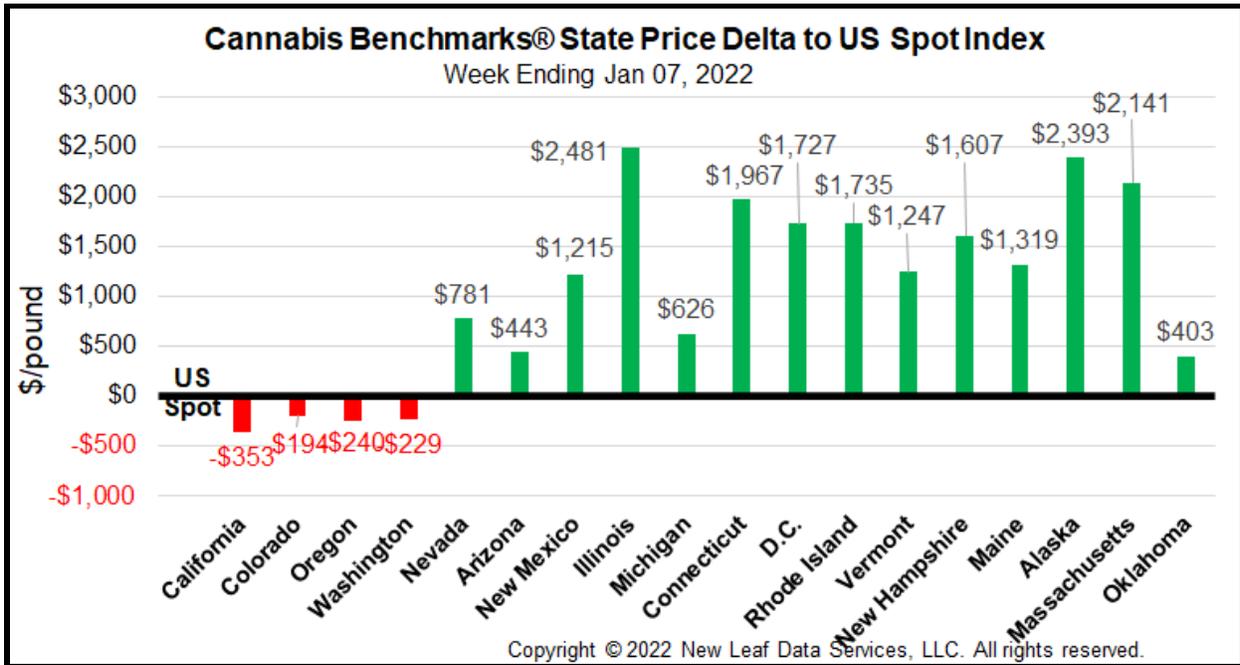
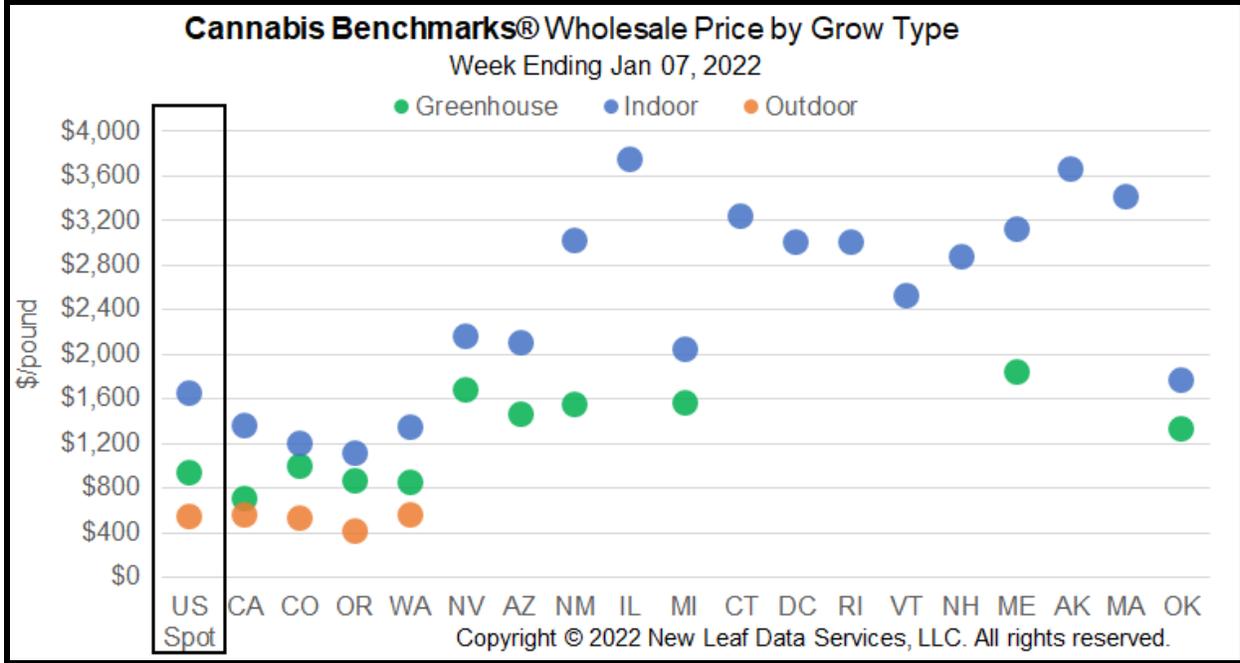
The table below illustrates the U.S. Spot Index, along with the volume weighted averages for all transactions accompanied by a medical or recreational /adult-use designation.

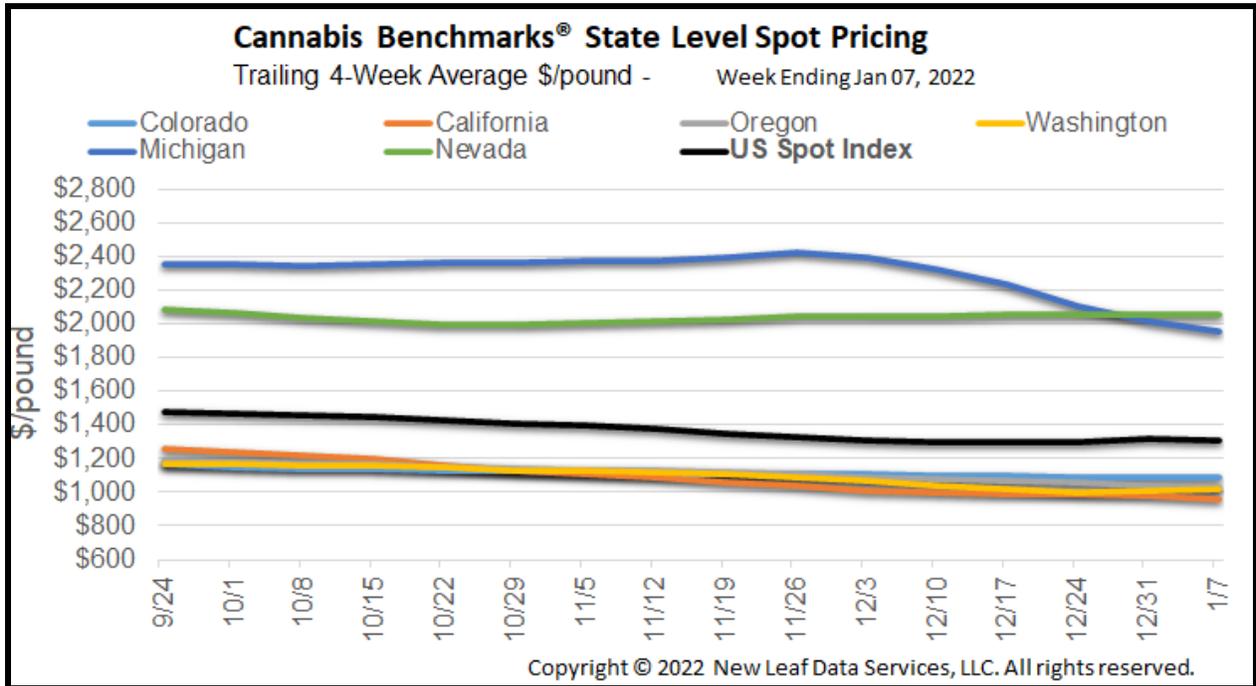
Cannabis Benchmarks® US Spot - Med vs Rec (Week Ending Jan 07, 2022)

	This Week	Last Week	Week on Week Δ
All Deals	\$1,277	\$1,349	-5.3%
Medical	\$1,299	\$1,397	-7.0%
Recreational/Adult Use	\$1,269	\$1,332	-4.8%

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.







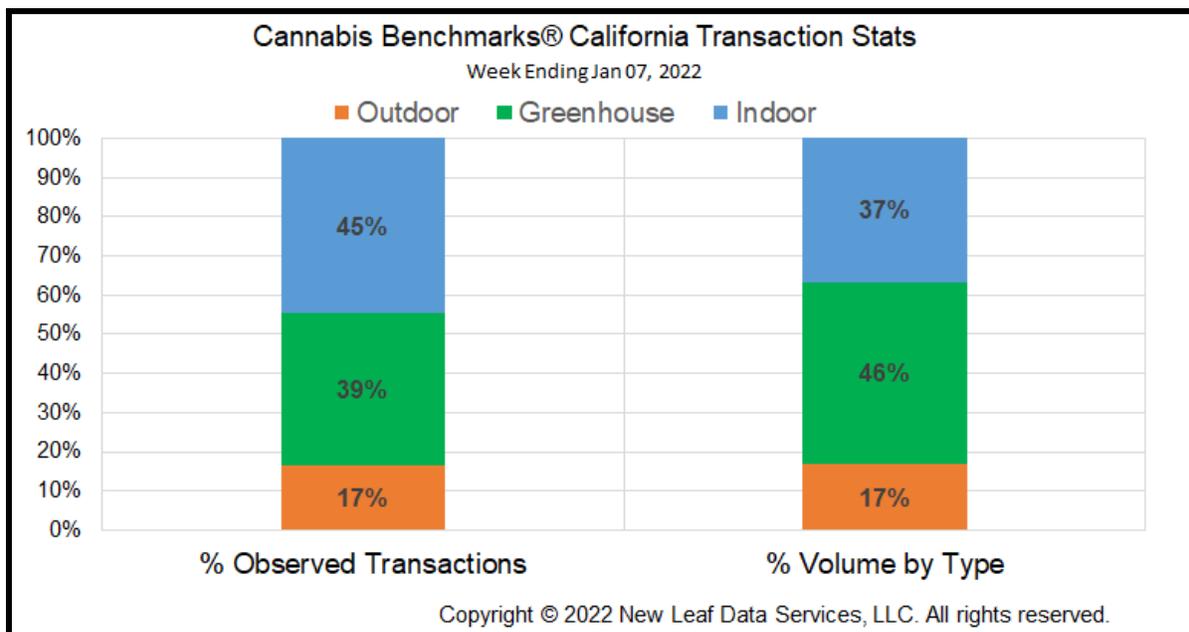
One way to view the large drop in spot prices is through what is known as discounting: the notion that market prices reflect all currently available market information and expected future information. So sellers might see a future where cannabis prices are significantly lower than they are currently and decide to shed inventory now, rather than store it in hopes of higher prices in the future.

Discounting future prices is an inexact science in commodities pricing where conventional wisdom dictates the future price is today's price with the cost of carry (storage costs) until the delivery date. Sophisticated futures markets take into consideration complex supply and demand factors and fundamental economic predictions when thinking about future prices. There is enough information in the cannabis market for growers, as well as other buyers and sellers along the supply chain, to correctly predict more supply in the future as more states join the ranks of legal cannabis markets. Operators in legacy states that have undergone previous sell-offs may be betting future prices are likely to be lower given current oversupply conditions and recent plateauing demand in local markets. While there are potential fundamental factors that suggest prices might be higher in the future - California may rescind the local control option, Oregon may limit retail outlets, or federal legalization may increase demand - none of these future events are certain. Price action suggests growers are seeing more evidence of surplus than scarcity now and in the future - and acting on it.

CALIFORNIA

- Volume weighted average price was \$924 per pound (or \$2.04 per gram)
- Down 4.4%, or \$43, from \$967 per pound last week
- Simple average price was \$1,369 per pound
- Median price was \$1,200 per pound
- Prices ranged from \$300 to \$3,000 per pound
- Average deal size was 5.8 pounds
- Transactions ranged from 0.10 to 100 pounds

California transaction specifics are shown in the accompanying table and charts; all prices are volume weighted averages.



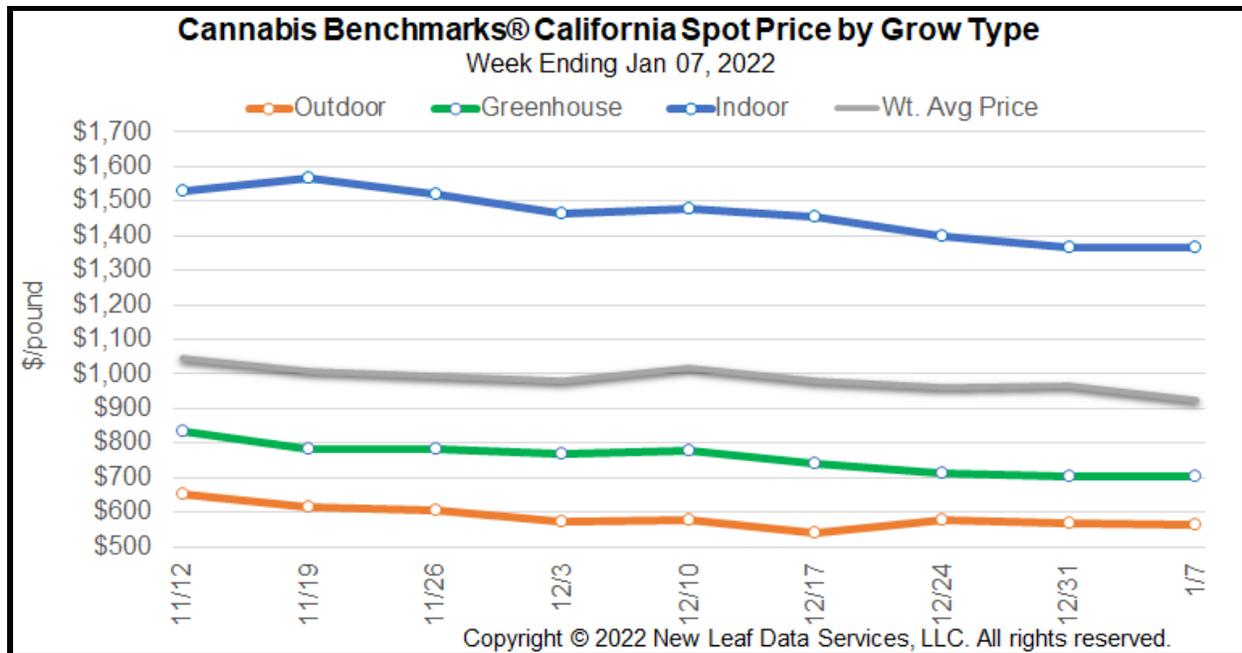
The relative frequency of trades for indoor flower fell by 3%, while that of deals for greenhouse flower rose by 1%. Outdoor trading frequency rose by over 3%. The relative volume of indoor flower fell 5%, while greenhouse volume was unchanged. Outdoor flower's relative volume rose by 5%. Overall average deal size fell 0.1 pounds and indoor deal size fell by 0.5 pounds. The average size of trades for greenhouse product fell 0.2 pounds and mean deal size for outdoor product rose by 1.0 pound.

Cannabis Benchmarks® California Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$924	\$967	-4.4%	\$300	\$3,000	5.8	\$1,369
Indoor	\$1,368	\$1,365	0.2%	\$500	\$3,000	4.7	\$1,784
Greenhouse	\$704	\$703	0.1%	\$350	\$1,890	6.9	\$1,120
Outdoor	\$562	\$569	-1.1%	\$300	\$1,300	5.8	\$828

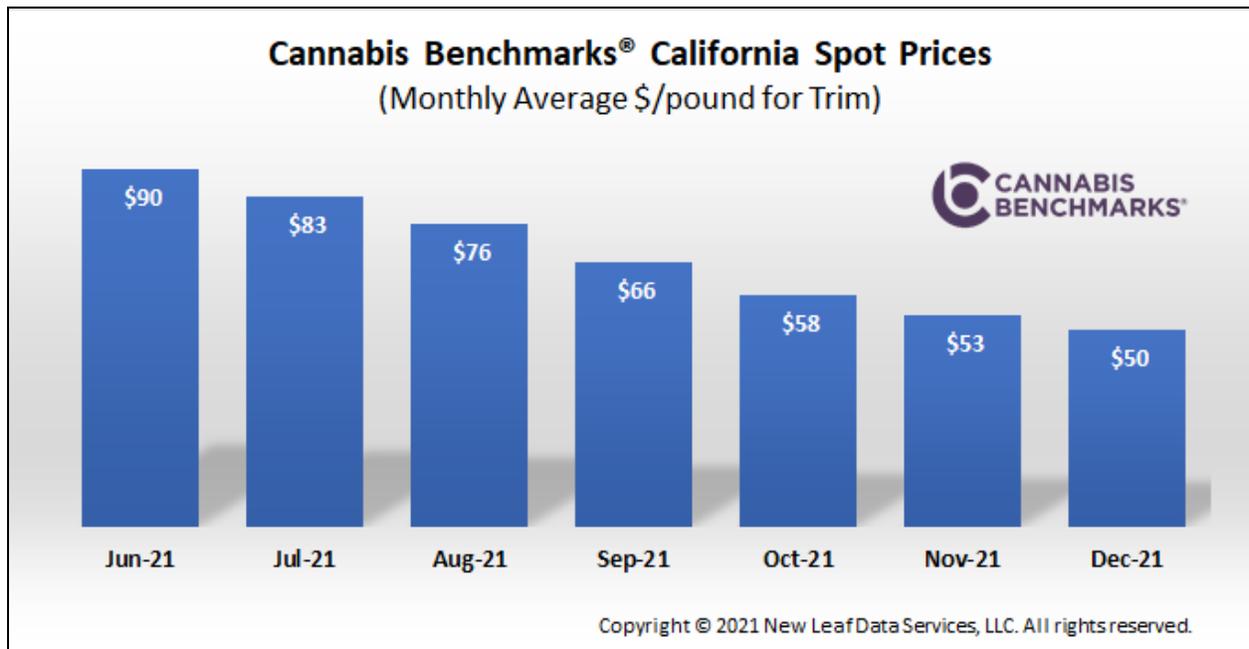
Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Outdoor deals spanned from 0.25 to 80 pounds; the median price was \$770 per pound.
 Greenhouse deals spanned from 0.20 to 100 pounds; the median price was \$1,058 per pound.
 Indoor deals spanned 0.15 to 50 pounds; the median price was \$1,800 per pound.



CALIFORNIA COMPLIANT TRIM PRICES

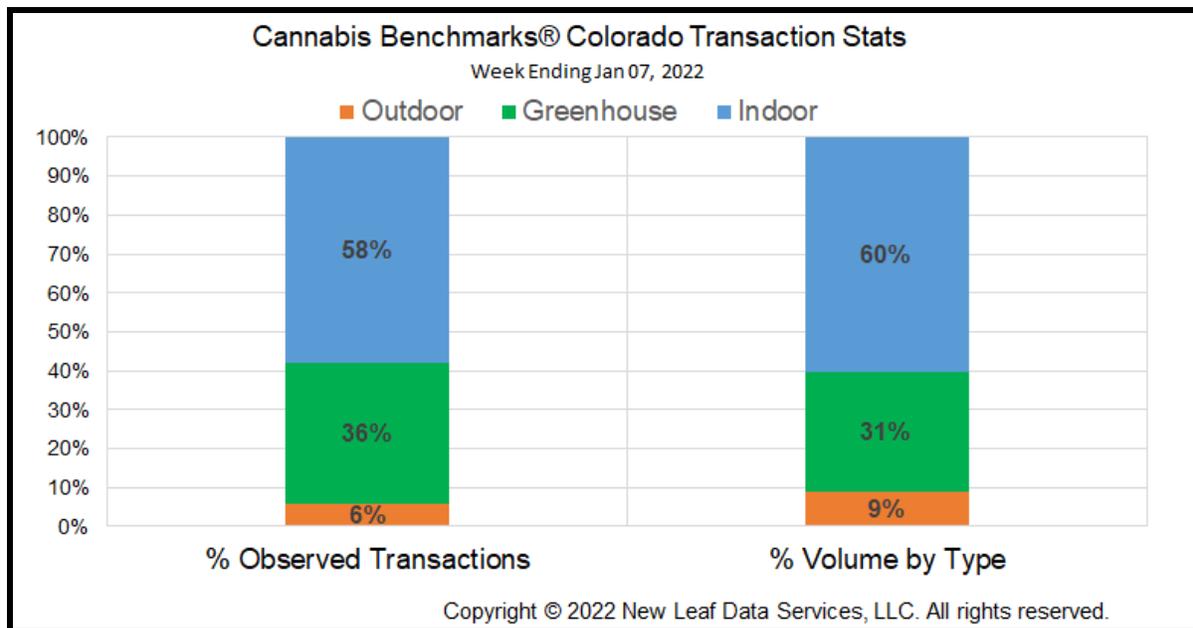
Compliant trim prices continued their downward trend, decreasing to \$50 per pound, a drop of nearly 7%. Observed transactions ranged broadly, from below \$30 per pound to over \$120 per pound.



COLORADO

- Volume weighted average price was \$1,083 per pound (or \$2.39 per gram)
- Down 0.9%, or \$10, from \$1,093 per pound last week
- Simple average price was \$1,154 per pound
- Median price was \$1,100 per pound
- Prices ranged from \$350 to \$1,900 per pound
- Average deal size was 1.9 pounds
- Transactions ranged from 0.10 to 21 pounds

Colorado transaction specifics are shown in the accompanying table and charts; all prices are volume weighted averages.



The relative frequency of indoor transactions fell by 1%, while that of greenhouse transactions rose by 1%. Outdoor product's transaction frequency was unchanged. The relative volume of indoor product rose about 2%, greenhouse volume was unchanged, and that of outdoor fell by around 1%.

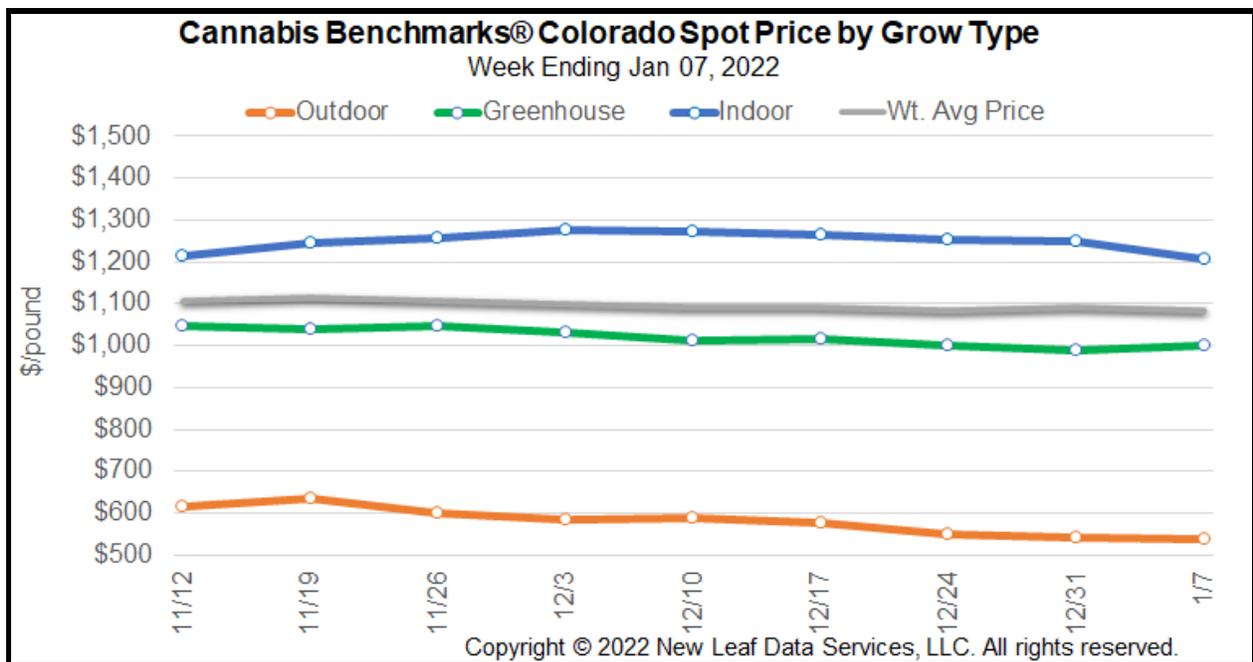
Overall average deal size rose 0.1 pounds, as did that of indoor flower. Greenhouse product's average deal size was unchanged. Outdoor deal size fell 0.3 pounds this week.

Cannabis Benchmarks® Colorado Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$1,083	\$1,093	-0.9%	\$350	\$1,900	1.9	\$1,154
Indoor	\$1,206	\$1,247	-3.3%	\$600	\$1,900	1.9	\$1,273
Greenhouse	\$1,001	\$990	1.1%	\$600	\$1,480	1.6	\$1,066
Outdoor	\$539	\$543	-0.7%	\$350	\$800	2.8	\$537

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

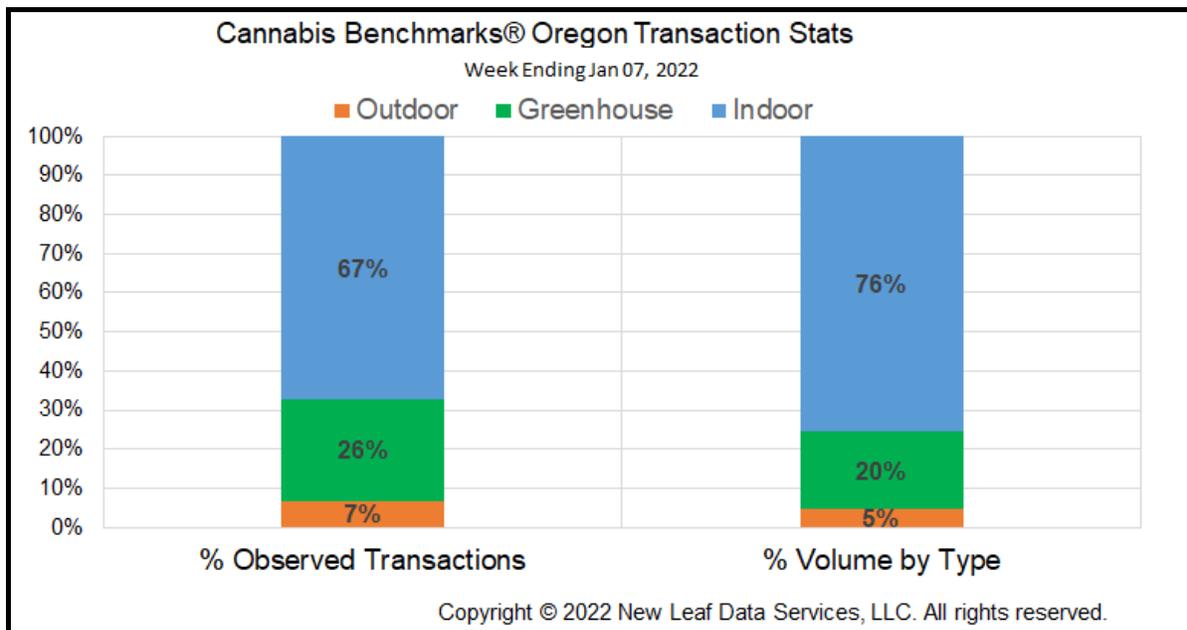
Outdoor deals spanned from 0.50 to 15 pounds; the median price was \$550 per pound.
 Greenhouse deals spanned from 0.20 to 15 pounds; the median price was \$1,096 per pound.
 Indoor deals spanned from 0.10 to 21 pounds; the median price was \$1,300 per pound.



OREGON

- Volume weighted average price was \$1,037 per pound (or \$2.29 per gram)
- Up 2.7%, or \$27, from \$1,010 per pound last week
- Simple average price was \$1,060 per pound
- Median price was \$1,000 per pound
- Prices ranged from \$300 to \$2,200 per pound
- Average deal size was 1.4 pounds
- Transactions ranged from 0.10 to 10 pounds

Oregon transaction specifics are shown in the accompanying table and charts. All prices are volume weighted averages.



The relative frequency of transactions for indoor flower fell 1%. Greenhouse transaction frequency rose 2%, while that of outdoor flower fell 1%. The relative volume of indoor product was essentially unchanged, while that of greenhouse product rose by about 1%. The relative volume of outdoor product was unchanged.

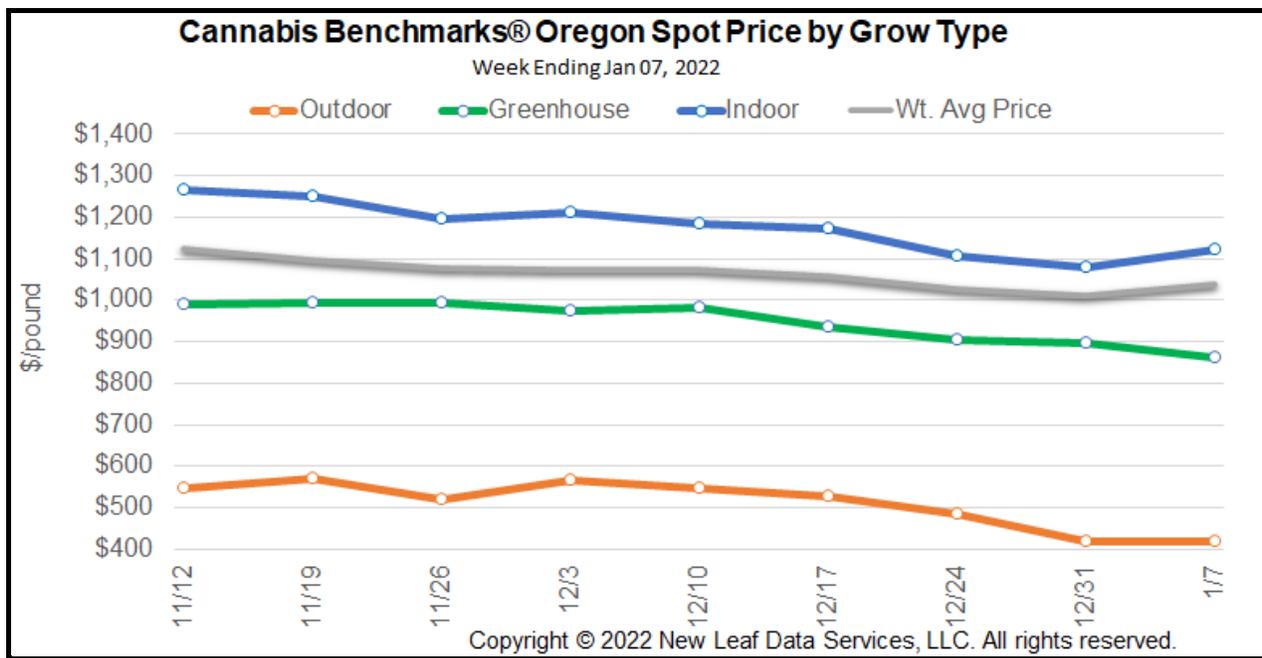
Overall deal size was unchanged, as were those of indoor and greenhouse flower. Outdoor deal size fell 0.1 pounds.

Cannabis Benchmarks® Oregon Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$1,037	\$1,010	2.7%	\$300	\$2,200	1.4	\$1,060
Indoor	\$1,121	\$1,081	3.7%	\$400	\$2,200	1.6	\$1,178
Greenhouse	\$862	\$895	-3.6%	\$350	\$1,650	1.1	\$921
Outdoor	\$417	\$417	0.0%	\$300	\$700	0.9	\$416

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Outdoor deals ranged from 0.15 to 5 pounds; the median price was \$400 per pound.
 Greenhouse deals ranged from 0.25 to 7 pounds; the median price was \$1,000 per pound.
 Indoor deals spanned from 0.10 to 10 pounds; the median price was \$1,100 per pound.



The [Oregon Liquor and Cannabis Commission issued sales data for December 2021](#) this week with overall sales coming in at \$88.5 million, up 2.3% from November sales of \$86.5 million, but down 8.2% from December 2020 sales of \$96.5 million. This is the first uptick in monthly sales since July 2021.

For 2021 overall, Oregon’s legal cannabis market generated over \$1.18 billion in retail revenues, up 6.3% from over \$1.11 billion in retail sales in 2020.

The year-on-year sales drop in December 2021 is likely due in part to a decrease in the unemployment rate from 6.2% to 4.2% in November 2021. Oregon's December 2021 unemployment rate will be released on January 25, 2021 and there is little change expected. The average Oregon Spot price in December 2020 was \$1,320 per pound, 20.6% higher than the December 2021 average price of \$1,048 per pound. Adding to the sharp year-on-year drop in sales is the notion the mature Oregon market may be seeing a plateau in demand. Price is also under pressure from an oversupplied market, as demonstrated in the large yearly harvest increase delineated below.

December adult use sales ticked up by 2.7% to \$82.3 million versus November adult use sales of \$80 million. Year-on-year, adult use sales fell 6.8% from December 2020's sales of \$88.2 million. Sales to registered patients in Oregon were \$6.3 million in December 2021, a 2.9% month-on-month drop from November's sales of \$6.5 million. Year-on-year, medical sales are down 6.8% from nearly \$8 million in December 2020.

Month-on-month changes in retail sales revenue for the OLCC's product categories are as follows:

Usable Marijuana (flower, trim, pre-rolls) rose 0.8% to \$45 million in December 2021 versus \$44.7 million in November 2021. The market share of usable marijuana jumped 5% to 56.5% in December from the November 2021 market share of 51.6%.

Concentrates and extracts generated \$22.3 million in sales in December 2021, a 3.5% jump over November 2021's sales of \$21.5 million. Concentrates and extracts had a 25.2% market share in December 2021, a 0.3% increase from November 2021.

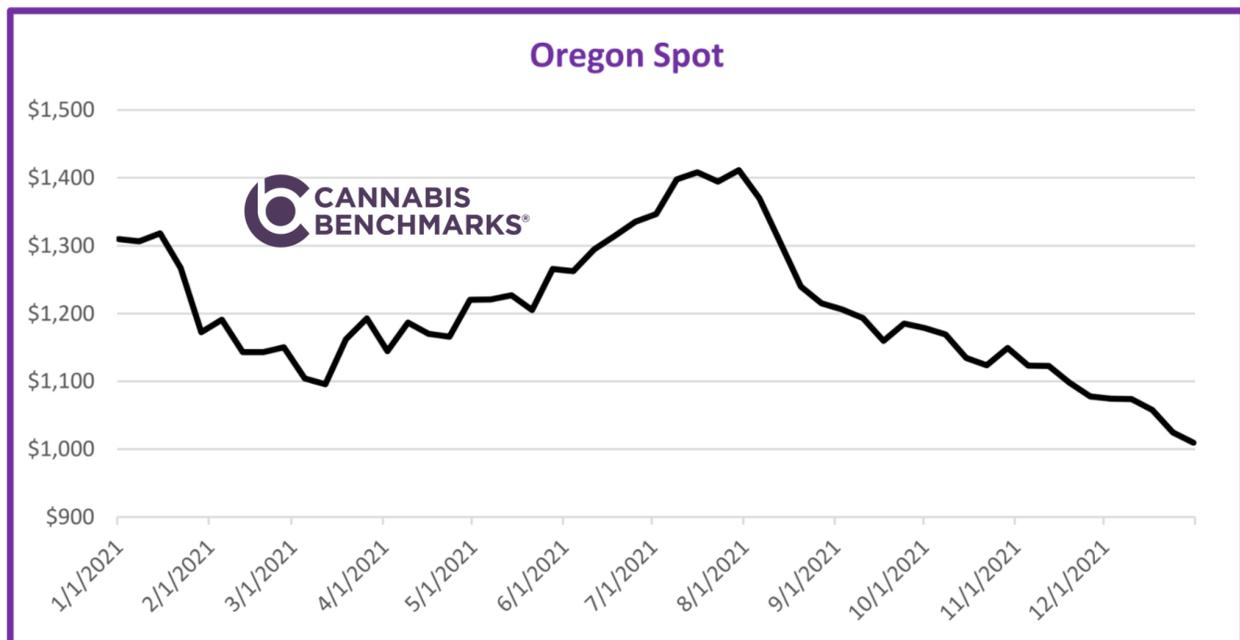
Edibles and tinctures sales were \$11.4 million in December 2021, a 6.5% increase over November's sales of \$10.7 million. Edible and tincture market share was up 0.5% month-on-month to 12.8% in December 2021.

Monthly harvest data shows a 66.8% decrease in total harvest volume in December 2021, with wet weight at 275,044 pounds versus 829,224 pounds in November 2021. Year-on-year, total wet weight harvest is up 1.9% over the December 2020 figure of 269,920 pounds.

In 2021, total harvest volume by outdoor growers was 6.4 million pounds (wet), a 55% increase from 4.2 million pounds in 2020. In 2021, indoor harvest was 2.8 million pounds, a 30.1%

increase over 2020's total indoor harvest of 2.1 million pounds. Mixed harvest figures for 2021 show a rather restrained increase of 7.6% year-on-year, with 2021 mixed harvest weight reaching nearly 2 million pounds.

Oregon spot prices are in a strong downtrend with myriad factors weighing on the market, not the least of which is annual harvests increasing by over 50% in some cases as growers leaned into the notion of federal legalization. In 2020, some growers bought into the notion that interstate trade would be available in 2021; when that did not happen, cannabis set aside for the expected demand increase was put on the market, adding to overproduction price pressure from mid to late 2021. Oregon also has the most retailers per capita of any legal cannabis state. Although retail stores' average sales have remained in a broad uptrend, per-store averages have been falling since March 2021. There has been some talk of a moratorium on retail licenses, but little hard news to report on the topic.



The Oregon Liquor and Cannabis Commission (OLCC) issued a news release this week [outlining cannabis industry changes that took effect on January 1, 2022](#). Regarding cannabis rules, the OLCC states they will continue to pursue “a large scale re-categorization of violations, including reducing types of violations that could result in OLCC canceling a license.” OLCC said they will continue to “overhaul the violation and penalty process” this year, “including reducing penalties for committed violations.”

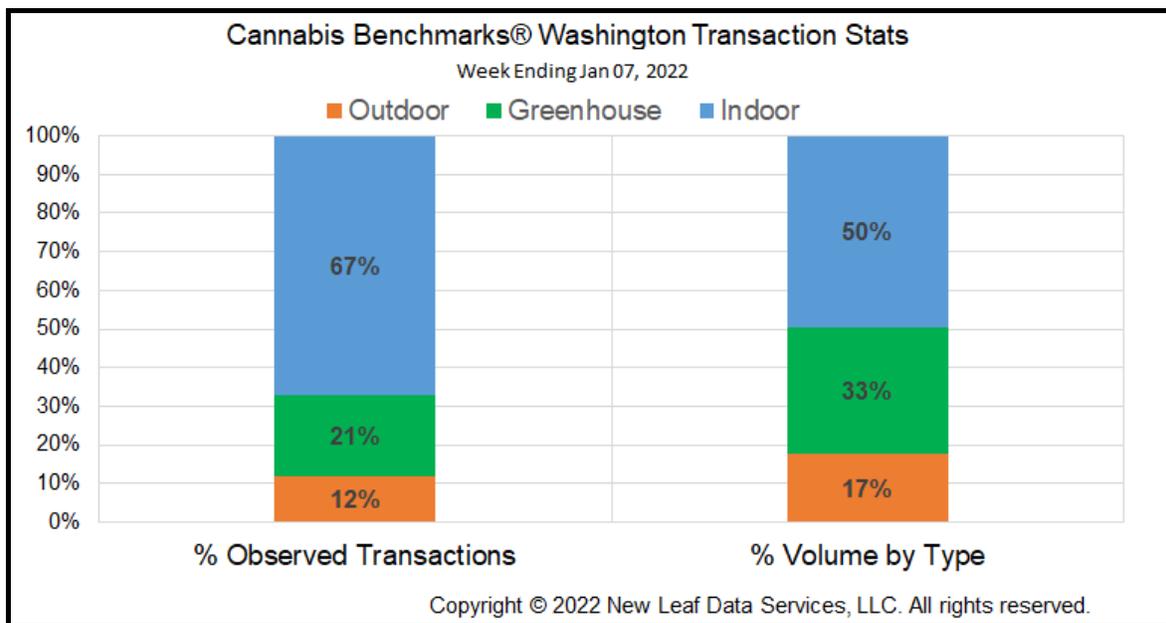
The OLCC also raised the amount of cannabis consumers can buy from one ounce to two ounces and increased the allowable THC content in edible products from 50 milligrams to 100 milligrams, with the latter change effective April 22, 2022. The OLCC notes that up to 10 milligrams of “single serving portions will need to be scored,” or clearly marked in up to 10 milligram increments. The agency is now accepting label applications for edible packages containing more than 50 milligrams of product, but reiterates that packages larger than 50 milligrams cannot be offered for sale before April 22, 2022 even if OLCC has approved the new labeling.

As well, OLCC has said they will allow delivery across city and county lines, contingent on local authorities’ approval, allowing retailers to sell outside of their city or county for the first time. OLCC will provide delivery maps of new delivery zones so consumers can ascertain whether they can receive delivery at their location.

WASHINGTON

- Volume weighted average price was \$1,048 per pound (or \$2.31 per gram)
- Up 2.1%, or \$22, from \$1,026 per pound last week
- Simple average price was \$1,232 per pound
- Median price was \$1,250 per pound
- Prices ranged from \$350 to \$2,040 per pound
- Average deal size was 2.0 pounds
- Transactions ranged from 0.15 to 22 pounds

Washington transaction specifics are shown in the accompanying table and charts. All prices are volume weighted averages.



The relative frequency of trades for indoor product rose about 1% and greenhouse transaction frequency rose roughly 2%, while that of deals for outdoor flower fell 4%. The relative volume of indoor flower rose about 3%, as did that of greenhouse flower. Outdoor flower's relative volume fell by around 5%.

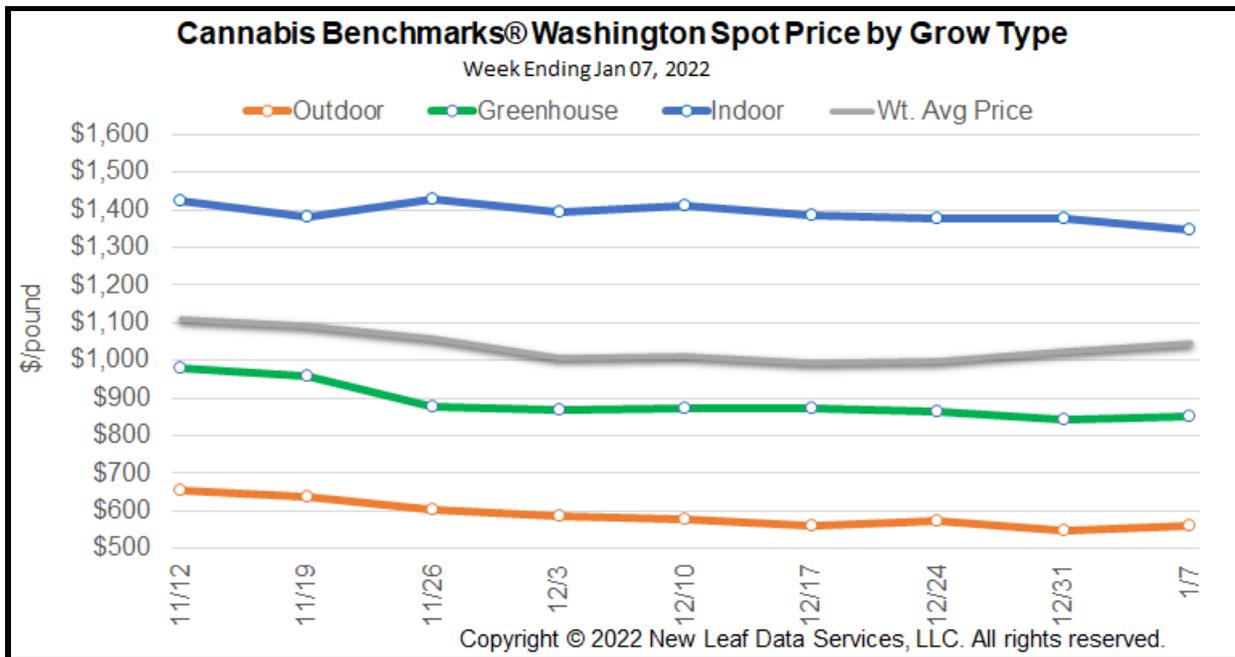
The overall average deal size was virtually unchanged. Indoor average deal size fell by 0.1 pounds, as did greenhouse and outdoor mean deal sizes.

Cannabis Benchmarks® Washington Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$1,048	\$1,026	2.1%	\$350	\$2,040	2.0	\$1,232
Indoor	\$1,349	\$1,377	-2.0%	\$650	\$2,040	1.4	\$1,425
Greenhouse	\$850	\$841	1.1%	\$480	\$1,373	3.1	\$954
Outdoor	\$563	\$550	2.3%	\$350	\$869	2.9	\$626

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Outdoor deals spanned from 0.25 to 15 pounds; the median price was \$626 per pound.
 Greenhouse deals spanned from 0.15 to 22 pounds; the median price was \$1,000 per pound.
 Indoor deals spanned from 0.15 to 15 pounds; the median price was \$1,411 per pound.



NEVADA

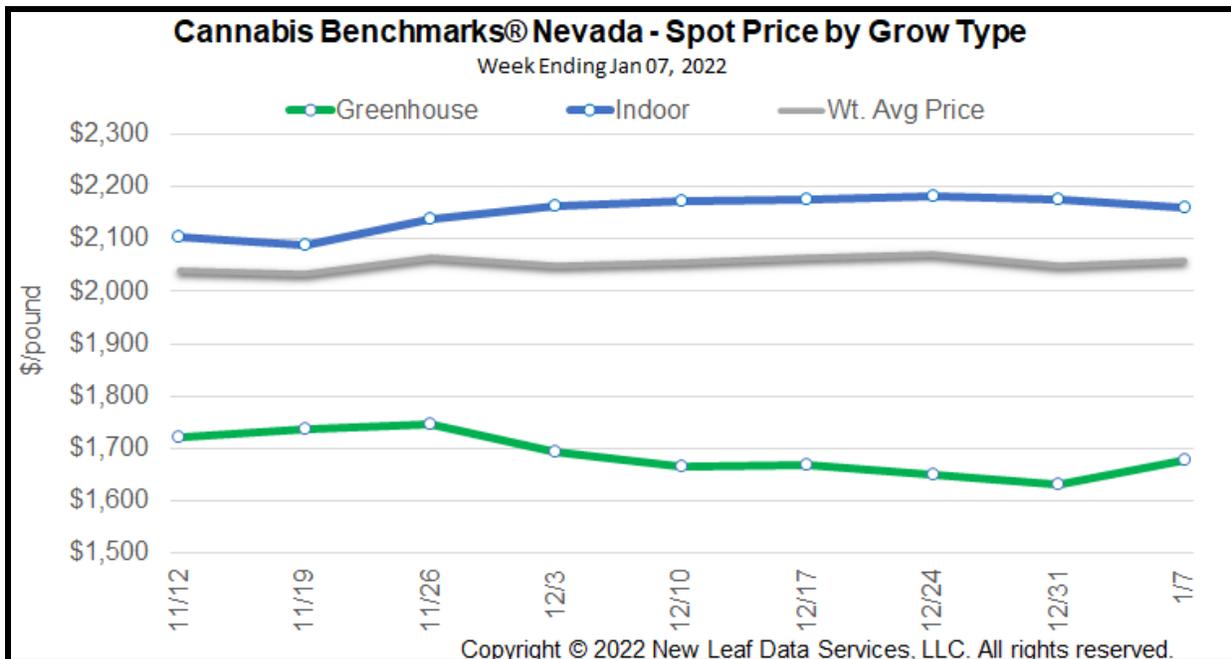
- Volume weighted average price was \$2,058 per pound (or \$4.54 per gram)
- Up 0.3%, or \$7, from \$2,051 per pound last week
- Simple average price was \$2,136 per pound
- Median price was \$2,100 per pound
- Prices ranged from \$1,026 to \$2,900 per pound
- Average deal size was 2.3 pounds
- Transactions ranged from 0.15 to 10 pounds

Nevada transaction specifics are shown in the accompanying chart. All prices are volume weighted averages.

Cannabis Benchmarks® Nevada Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$2,058	\$2,051	0.3%	\$1,026	\$2,900	2.3	\$2,136
Indoor	\$2,160	\$2,176	-0.8%	\$1,572	\$2,900	2.3	\$2,234
Greenhouse	\$1,679	\$1,630	3.0%	\$1,026	\$2,200	2.3	\$1,771
Outdoor							

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



ARIZONA

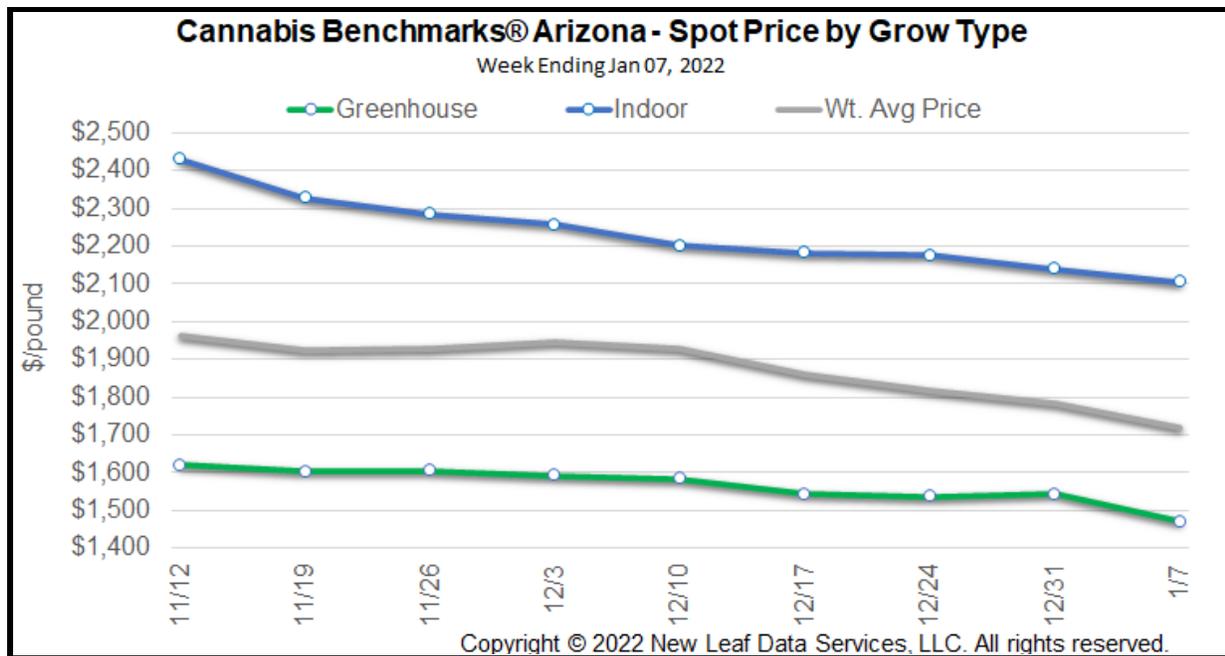
- Volume weighted average price was \$1,720 per pound (or \$3.79 per gram)
- Down 3.6%, or \$65, from \$1,785 per pound last week
- Simple average price was \$1,827 per pound
- Median price was \$1,737 per pound
- Prices ranged from \$950 to \$3,110 per pound
- Average deal size was 1.5 pounds
- Transactions ranged from 0.25 to 10 pounds

Arizona transaction specifics are shown in the accompanying table and chart. All prices are volume weighted averages.

Cannabis Benchmarks® Arizona Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$1,720	\$1,785	-3.6%	\$950	\$3,110	1.5	\$1,827
Indoor	\$2,105	\$2,139	-1.6%	\$1,200	\$3,110	1.6	\$2,298
Greenhouse	\$1,471	\$1,542	-4.6%	\$950	\$2,400	1.4	\$1,557
Outdoor							

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



MICHIGAN

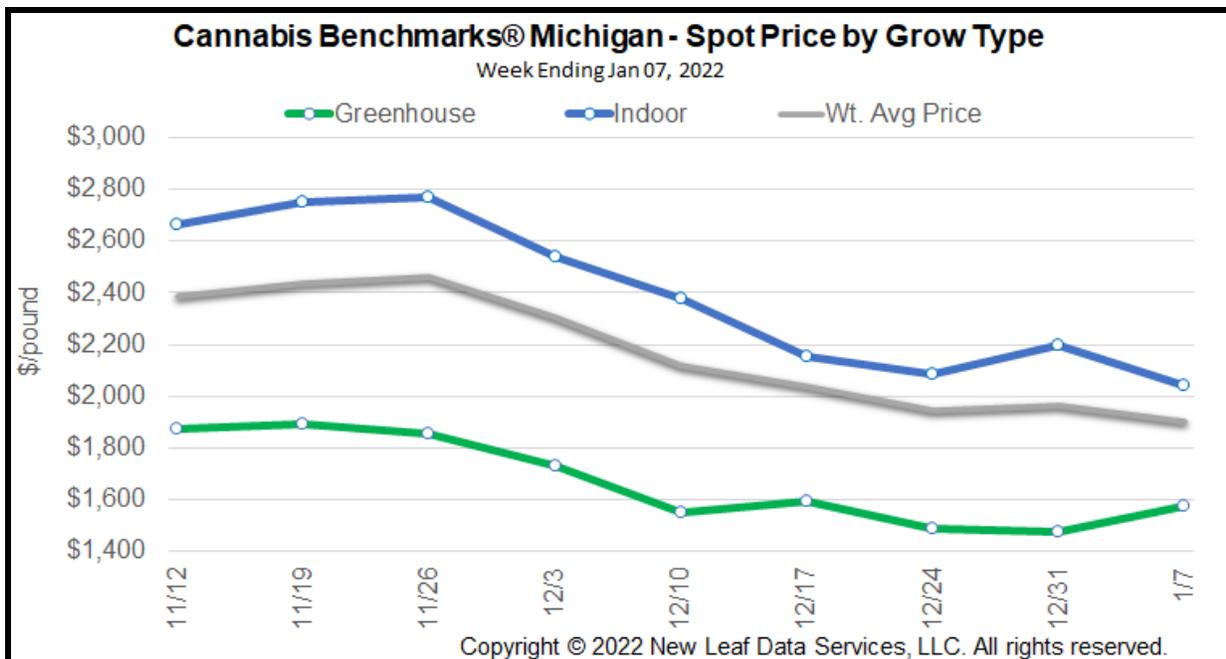
- Volume weighted average price was \$1,903 per pound (or \$4.20 per gram)
- Down 3.0%, or \$59, from \$1,962 per pound last week
- Simple average price was \$1,947 per pound
- Median price was \$1,830 per pound
- Prices ranged from \$1,100 to \$3,177 per pound
- Average deal size was 1.1 pounds
- Transactions ranged from 0.25 to 6 pounds

Michigan transaction specifics are shown in the accompanying table and chart. All prices are volume weighted averages.

Cannabis Benchmarks® Michigan Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$1,903	\$1,962	-3.0%	\$1,100	\$3,177	1.1	\$1,947
Indoor	\$2,042	\$2,196	-7.0%	\$1,350	\$3,177	0.9	\$2,003
Greenhouse	\$1,573	\$1,476	6.6%	\$1,100	\$2,260	1.5	\$1,731
Outdoor							

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



ILLINOIS

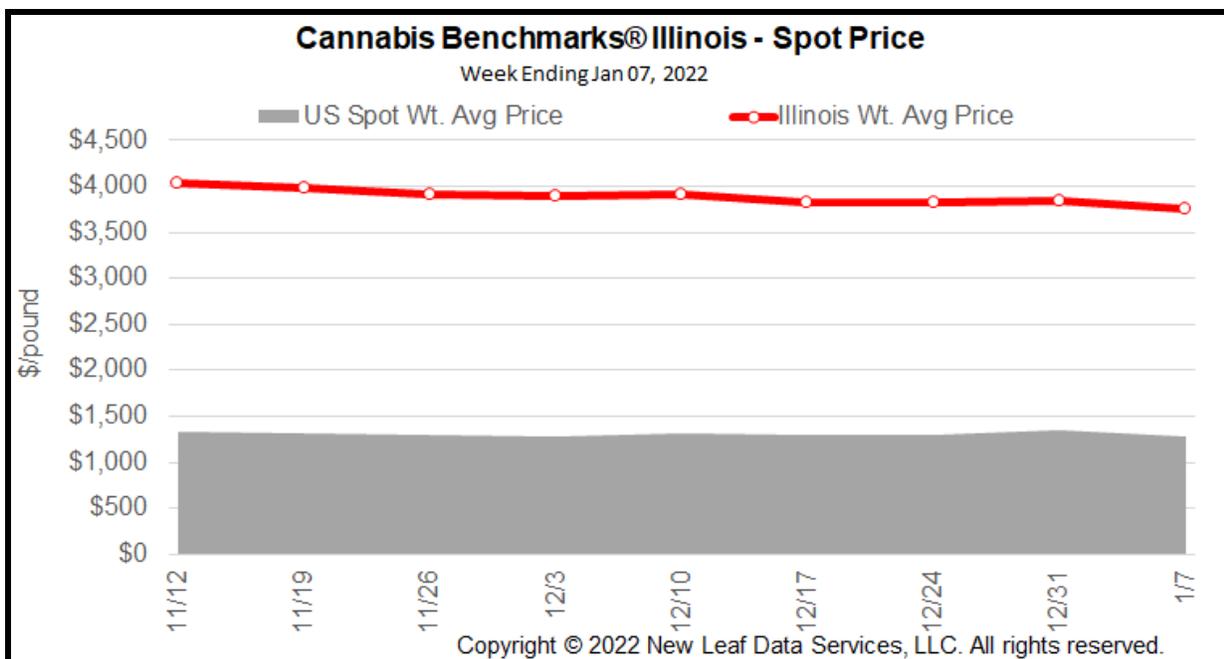
- Volume weighted average price was \$3,758 per pound (or \$8.29 per gram)
- Down 2.0%, or \$77, from \$3,835 per pound last week
- Simple average price was \$3,836 per pound
- Median price was \$3,888 per pound
- Prices ranged from \$3,200 to \$4,315 per pound
- Average deal size was 1.5 pounds
- Transactions ranged from 0.25 to 3 pounds

Michigan transaction specifics are shown in the accompanying table and chart. All prices are volume weighted averages.

Cannabis Benchmarks® Illinois Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$3,758	\$3,835	-2.0%	\$3,200	\$4,315	1.5	\$3,836
Indoor	\$3,758	\$3,835	-2.0%	\$3,200	\$4,315	1.5	\$3,836
Greenhouse							
Outdoor							

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



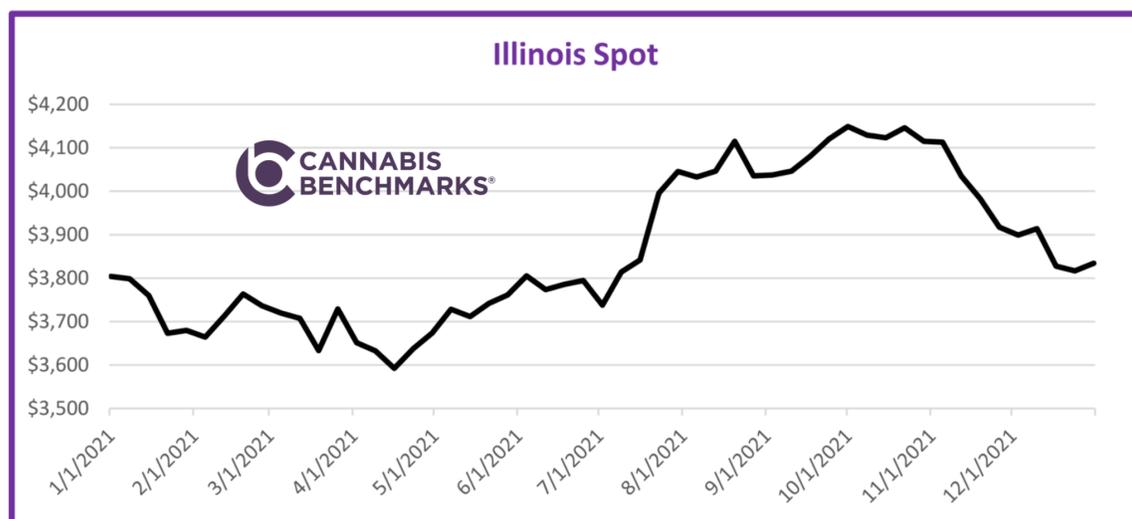
The [Illinois Department of Financial and Professional Regulation \(IDFPR\)](#) published adult use sales figures for December 2021 this week. Adult use sales soared in December 2021, jumping 14.2% to \$137.9 million in combined in-state and out-of-state revenues. December 2021 sales represent a new all-time monthly high in Illinois' adult use market as it turned two years old.

In-state sales were up over 17% month-on-month, jumping from \$81.7 million in November to \$95.6 million. Out-of-state sales jumped 8.5% to \$42.4 million in December 2021. Out-of-state sales were 30.7% of total sales in December 2021.

December 2021 combined in-state and out of state sales skyrocketed by 58.8% over December 2020. Cumulative 2021 adult use sales reached almost \$1.38 billion, up 106% over 2020's total.

Combined medical and adult use sales for December 2021 were \$173.3 million, a 13.8% increase from combined medical and adult use sales of \$152.2 million in November 2021, and up 99% over combined medical and adult use sales of \$86.9 million in December 2020.

Illinois Spot price has fallen by 8% since mid-October, shedding \$329 in just 10 weeks time. Losses have slowed in the past few weeks, however, trading at \$3,885 per pound on an \$18 uptick in the last week of 2021. As noted below, demand ramped up sharply in December with prices at their lowest level since July 2021.



The number of items sold in December 2021 was 3.18 million, a 14.9% increase over items sold in November 2021. The average cost per item fell \$0.25 to \$43.35 in December 2021.

Per item average retail prices continue to fall as more competition and more and varied inventory comes to market at lower price points.

Adult-Use Sales and Items Sold - Trailing 3 months

Month	Items Sold	Avg Price of Items Sold	Total Sales
Oct 21	2,757,354	\$44.74	\$123,375,372
Nov 21	2,769,211	\$43.60	\$120,748,947
Dec 21	3,180,944	\$43.35	\$137,896,859

The [Illinois Department of Public Health \(IDPH\)](#), which oversees the state’s medical cannabis program, also issued patient numbers and sales figures for December 2021 this week. IDPH reported sales of over \$35.4 million in December 2021, a 12.3% month-on-month increase over November medical sales of \$31.5 million, but up just 2.7% from December 2021 sales of nearly \$34.5 million. December 2021 medical sales hit their highest level since March 2021.

Retail sales of medical cannabis included \$16.5 million in flower sales, representing 47.6% of total medical sales in December 2021. Medical consumers bought over \$18 million of concentrates and infused products in December, a 12% increase over November’s \$16.9 million figure.

Since inception, IDPH reports 188,017 patients approved for the program as of December 2021, versus 181,517 in November 2021, an increase of 6,500 qualified patients in the month. Year-on-year, the number of patient approvals for the program is up by 38,305.

IDPH reports 55 medical dispensaries served 70,178 unique patients who purchased nearly 1.3 million grams of dry cannabis in December 2021, versus 67,803 unique patients served in November 2021, who purchased over 1.1 million grams of dry cannabis.

Patients purchased an average of 18.4 grams of dry cannabis in December 2021, an increase of 1.7 grams over the 16.7 grams of dry cannabis purchased in November 2021. Patients paid an average of \$12.79 per gram of dry flower in December, versus \$12.94 per gram of flower in November, 2021.

MASSACHUSETTS

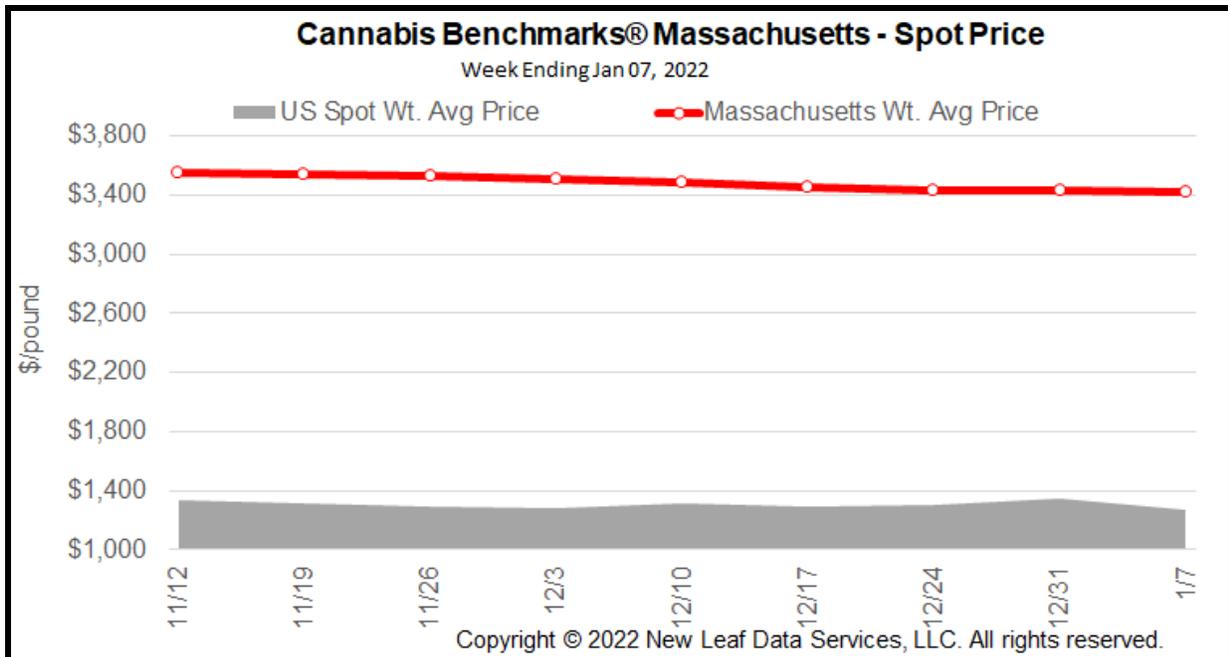
- Volume weighted average price was \$3,418 per pound (or \$7.54 per gram)
- Down 0.4%, or \$13, from \$3,431 per pound last week
- Simple average price was \$3,503 per pound
- Median price was \$3,600 per pound
- Prices ranged from \$2,750 to \$3,760 per pound
- Average deal size was 1.6 pounds
- Transactions ranged from 0.25 to 3 pounds

Michigan transaction specifics are shown in the accompanying table and chart. All prices are volume weighted averages.

Cannabis Benchmarks[®] Massachusetts Spot Prices (Week Ending Jan 07, 2022)

	Spot Price	Last Week	Week on Week Δ	Low Price	High Price	Avg. Deal Size (lb)	Simple Avg.
Wt. Avg. Price	\$3,418	\$3,431	-0.4%	\$2,750	\$3,760	1.6	\$3,503
Indoor	\$3,418	\$3,431	-0.4%	\$2,750	\$3,760	1.6	\$3,503
Greenhouse							
Outdoor							

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.



OTHER MARKETS

Cannabis Benchmarks® State Spot Price Indices (Week Ending Jan 07, 2022)

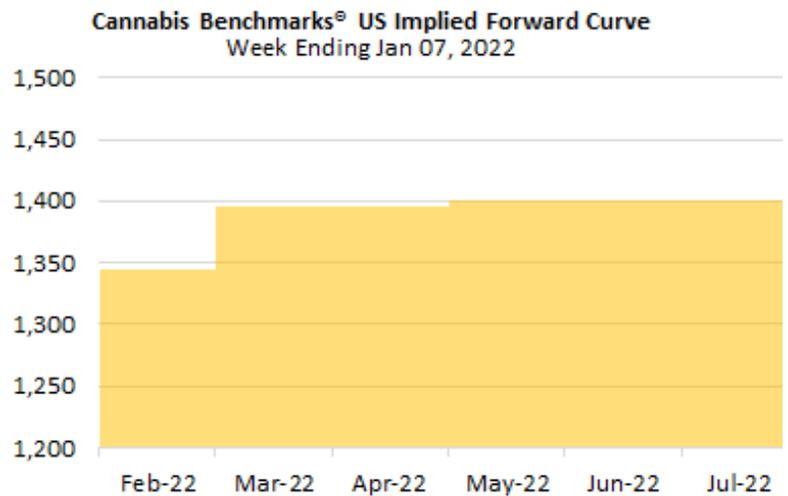
	Volume Weighted Average	% difference previous week	\$ difference previous week	Simple Average	Low Price	High Price	Median Price	Average Transact. Size
Connecticut	\$3,244	0.3%	\$10	\$3,267	\$3,175	\$3,450	\$3,200	1.4 lbs
Maine	\$2,596	-5.1%	-\$138	\$2,715	\$1,550	\$3,600	\$3,000	1.3 lbs
New Hampshire	\$2,884	2.8%	\$78	\$2,884	\$2,389	\$3,400	\$2,916	1 lbs
New Mexico	\$2,492	9.1%	\$208	\$2,603	\$1,300	\$3,600	\$2,800	1.1 lbs
Rhode Island	\$3,012	-0.7%	-\$21	\$3,048	\$2,700	\$3,400	\$3,000	1.1 lbs
Vermont	\$2,524	-0.8%	-\$20	\$2,524	\$1,900	\$3,300	\$2,673	1 lbs
Washington D.C.	\$3,004	-0.4%	-\$11	\$3,032	\$2,502	\$3,674	\$3,114	1.3 lbs
Oklahoma	\$1,680	-1.7%	-\$29	\$1,766	\$1,155	\$2,250	\$1,800	1.1 lbs
Alaska	\$3,670	1.4%	\$49	\$3,639	\$3,200	\$4,300	\$3,629	1.8 lbs

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

Forward Market Commentary & Analysis

July 2022 Implied Forward initially assessed at \$1,400 per pound. The average reported forward deal size declined to 64.6 pounds. The proportions of forward deals for outdoor, greenhouse, and indoor-grown flower were 37%, 47%, and 16% of forward arrangements, respectively.

The average forward deal sizes for monthly delivery for outdoor, greenhouse, and indoor-grown flower were 94 pounds, 51 pounds, and 35 pounds, respectively.



Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

At \$1,345 per pound, the February 2022 Implied Forward represents a premium of 5.3% relative to the current U.S. Spot Price of \$1,277 per pound. The premium or discount for each Forward price, relative to the U.S. Spot Index, is illustrated in the table below.

Cannabis Benchmarks® U.S. Implied Forward Prices (Week Ending Jan 7, 2022)

Delivery Month	Feb-22	Mar-22	Apr-22	May-21	Jun-21	Jul-21
This Week's Forward Price	\$1,345	\$1,395	\$1,395	\$1,400	\$1,400	\$1,400
Last Week's Forward Price	\$1,345	\$1,395	\$1,395	\$1,400	\$1,400	n/a
Change	\$0	\$0	\$0	\$0	\$0	n/a
Premium/Discount to Spot	5.3%	9.2%	9.2%	9.6%	9.6%	9.6%

Copyright © 2022 New Leaf Data Services, LLC. All rights reserved.

COLORADO

[Colorado's Marijuana Enforcement Division](#) (MED) issued a bulletin delaying the implementation of new testing requirements for metal contamination from vaporizer delivery devices. The new testing regime was to be implemented January 1, 2022, but testing facilities are not yet certified to perform analysis of emissions from vaporizer delivery devices. The testing requirement will commence when "one or more" licensed testing facilities is certified for the new screening. MED advises that vapor delivery device manufacturers continue to submit their

devices for metal contaminant tests, as they have been doing already, so that labs can dial in their processes and methods.

NEW YORK

The [New York Opt-Out Tracker](#) indicates 692 of 1,520 municipalities have opted out of having dispensaries located in their towns or cities. 790 municipalities have opted out of consumption sites, making for an overall opt-out rate of 42%, according to [Ganjabrenuer](#). The Opt-Out Tracker makes clear those cities opting out can opt-in at a later date, but those cities opting in cannot subsequently opt-out. Some spokespersons for local governments that have opted out have said they are waiting for clearer rules from New York's Office of Cannabis Management. For perspective on New York's opt-out rate, California's opt-out rate is 68%, according to [Politico](#).

OKLAHOMA

The Oklahoma cannabis boom is getting pushback as low barriers to entry and unlimited licensing attract growers and retailers from across the U.S., according to the [New York Times](#). Traditional farmers and ranchers want the cannabis industry reined in citing soaring land prices, excessive resource usage, and illicit cannabis grows, saying new indoor grow operations are using “hundreds of thousands of gallons of water.” Several groups representing law enforcement, ranchers, farmers, and crop dusters have sprung up demanding a cannabis license moratorium. The article cites Adria Berry, the director of the Oklahoma Medical Marijuana Authority, saying there is little she can do to limit the proliferation of new cannabis businesses, as she is constrained by state law. Meanwhile, states with higher barriers to entry to the cannabis business are losing cannabis professionals to Oklahoma, where a massive cannabis business boom is underway in a market that currently remains medical use only.

MONTANA

Montana quietly opened its adult use market with sales of \$1.5 million in the first weekend, according to local outlet [KTVH](#).

Content is provided “as is.” New Leaf Data Services, LLC., makes no guarantees or warranties as to the accuracy, completeness, timeliness or results to be obtained from accessing and using Cannabis Benchmarks® data.

This publication may not be duplicated, distributed or stored in a retrieval system, in whole or in part, in any form or by any means, without prior written permission and consent of New Leaf Data Services, LLC.

1-888-502-7298 | www.CannabisBenchmarks.com | support@CannabisBenchmarks.com

From: craigspencerharrison@gmail.com
To: [Cannabis](#)
Cc: [district4](#); [David Rabbitt](#); [Susan Gorin](#); [Lynda Hopkins](#); [district3](#)
Subject: March 15 Board of Supervisors Meeting, Item 23 Cannabis Tax
Date: Friday, March 11, 2022 11:02:13 AM

EXTERNAL

As I understand the staff proposal, the supervisors are asked to reduce the current cannabis tax by 10 percent for FY 2021-22.

From attending board meetings and listening to comments, no supervisor has a firm idea of the economics of the cannabis industry. You are being asked to provide tax relief in abject ignorance of the facts. A single industry is asking you to cater to it, an industry whose entire history is one of breaking the law and telling falsehoods. The cannabis industry celebrates its outlaw past. CannaCraft sells “The Farmer and the Felon” – the same CannaCraft that paid \$300,000 to the Sonoma County District Attorney in May 2021 to settle false advertising claims.

I have been involved professionally with regulatory issues for decades, and one firm conclusion that I have drawn is that the public interest is never well-served when decision makers are ignorant of the facts concerning the industry that they regulate.

Whatever problems the cannabis industry may be experiencing (and recent independent data in the Benchmark report suggests any problems are grossly exaggerated) are the result of decisions made by individuals who voluntarily entered this business.

It is obvious that outdoor cannabis projects are uneconomic in Sonoma County. These cultivations are precisely those that stimulate angst within neighborhoods, harm to the environment, and weigh heavily on the county budget because the staff has to respond to frequent complaints.

Why subsidize this uneconomic activity with a tax cut? This industry is not paying its fair share, and any tax reduction is not going to change the fundamental economics.

While the auditor states correctly states that the Cannabis Business Tax was enacted solely for general governmental and not for specific purposes, this was

to avoid triggering the 2/3 requirement for its approval. Measure A stated the following:

Shall an ordinance be adopted imposing a cannabis business tax in unincorporated Sonoma County on cultivation up to \$38 per square foot (annually adjusted by CPI increases) or 10% on gross receipts, and on other cannabis businesses up to 10% on gross receipts, to fund essential county services such as addressing industry impacts, public safety, fire, health, housing, roads, and environmental protection, with funds staying local and subject to audits, generating undetermined revenue until repealed?

The public expects that these taxes will fund essential government services. It is not clear that you even have the authority to rescind the Cannabis Business Tax, including annual CPI adjustments, without voter approval.

Every county resident is suffering some economic dislocation after two years of the Covid Era, including the worst inflation in 40 years and record high gasoline prices. These problems will not abate soon. If the county has the largesse to reduce taxes (and I doubt that it does), consider freezing real property taxes for all county landowners.

Thank you.

Craig S. Harrison

THIS EMAIL ORIGINATED OUTSIDE OF THE SONOMA COUNTY EMAIL SYSTEM.

Warning: If you don't know this email sender or the email is unexpected, **do not** click any web links, attachments, and **never** give out your user ID or password.

From: [Susan Gorin](#)
To: [BOS](#)
Subject: Fwd: March 15 BOS Tax break for the Cannabis Industry???
Date: Saturday, March 12, 2022 9:39:48 AM

Susan Gorin

1st District Supervisor
County of Sonoma

*Be #SonomaSmart – Wash hands, wear masks, keep the distance.
It's all about community.*

575 Administration Drive, Room 100A
Santa Rosa, CA 95403
www.sonoma-county.org
susan.gorin@sonoma-county.org
Direct 707-565-2982
Cell 707-321-2788



Begin forwarded message:

From: Heather Hendrickson <heatherhdsn@mac.com>
Date: March 11, 2022 at 6:58:29 PM PST
To: Lynda Hopkins <Lynda.Hopkins@sonoma-county.org>, James Gore <James.Gore@sonoma-county.org>, David Rabbitt <David.Rabbitt@sonoma-county.org>, Susan Gorin <Susan.Gorin@sonoma-county.org>, district3 <district3@sonoma-county.org>
Subject: March 15 BOS Tax break for the Cannabis Industry???

EXTERNAL

Dear BOS,

I agree with Mr. Harrison's letter below.

As I understand the staff proposal, the supervisors are asked to reduce the current cannabis tax by 10 percent for FY 2021-22.

From attending board meetings and listening to comments, no supervisor has a firm idea of the economics of the cannabis industry. You are being asked to provide tax relief in abject ignorance of the facts. A single industry is asking you to cater to it, an industry whose entire history is one of breaking the law and telling falsehoods. The cannabis industry celebrates its outlaw past. CannaCraft sells “The Farmer and the Felon” – the same CannaCraft that paid \$300,000 to the Sonoma County District Attorney in May 2021 to settle false advertising claims.

I have been involved professionally with regulatory issues for decades, and one firm conclusion that I have drawn is that the public interest is never well-served when decision makers are ignorant of the facts concerning the industry that they regulate.

Whatever problems the cannabis industry may be experiencing (and recent independent data in the Benchmark report suggests any problems are grossly exaggerated) are the result of decisions made by individuals who voluntarily entered this business.

It is obvious that outdoor cannabis projects are uneconomic in Sonoma County. These cultivations are precisely those that stimulate angst within neighborhoods, harm to the environment, and weigh heavily on the county budget because the staff has to respond to frequent complaints.

Why subsidize this uneconomic activity with a tax cut? This industry is not paying its fair share, and any tax reduction is not going to change the fundamental economics.

While the auditor states correctly states that the Cannabis Business Tax was enacted solely for general governmental and not for specific

purposes, this was to avoid triggering the 2/3 requirement for its approval. Measure A stated the following:

Shall an ordinance be adopted imposing a cannabis business tax in unincorporated Sonoma County on cultivation up to \$38 per square foot (annually adjusted by CPI increases) or 10% on gross receipts, and on other cannabis businesses up to 10% on gross receipts, to fund essential county services such as addressing industry impacts, public safety, fire, health, housing, roads, and environmental protection, with funds staying local and subject to audits, generating undetermined revenue until repealed?

The public expects that these taxes will fund essential government services. It is not clear that you even have the authority to rescind the Cannabis Business Tax, including annual CPI adjustments, without voter approval.

Every county resident is suffering some economic dislocation after two years of the Covid Era, including the worst inflation in 40 years and record high gasoline prices. These problems will not abate soon. If the county has the largesse to reduce taxes (and I doubt that it does), consider freezing real property taxes for all county landowners.

Thank you.

Craig S. Harrison

Heather Hendrickson

THIS EMAIL ORIGINATED OUTSIDE OF THE SONOMA COUNTY EMAIL SYSTEM.

Warning: If you don't know this email sender or the email is unexpected, **do not** click any web links, attachments, and **never** give out your user ID or password.