

March 2, 2026

McCall Miller  
Cannabis Program Coordinator  
County of Sonoma  
585 Fiscal Drive, Suite 100  
Santa Rosa, CA 95403

## **Re: Cannabis Cultivation Tax Rate Memo 2026**

The County of Sonoma has a robust cannabis industry sector, including a large number of cannabis cultivation businesses. In March of 2017, the County's voters overwhelmingly approved a cannabis (Measure A) that imposed a rate of up to \$38 per square foot of cultivation, or up to 10% of gross receipts. The measure allows the County to adjust the rate and/or to change the tax basis to gross receipts so long as the equivalent rate of the tax does not exceed the maximum allowed by the measure.

As California's cannabis industry has matured, licensed cultivators around the state have struggled with a long list of factors that have made it harder to compete. These factors include continued oversaturation of the cultivation sector, changing consumer preferences, increased consolidation into fewer, larger cultivation businesses, declining wholesale prices and continued sales leakage to the illicit market.

The County of Sonoma has sought to provide tax and regulatory relief for cannabis growers as a way to help stabilize the local industry in a highly competitive market. In 2022 the County engaged the services of HdL Companies to conduct a revenue review of a sample set of cultivators to determine how they would be affected by a potential change in the tax basis. HdL reviewed a sample set of the County's cultivation businesses and used that information to prepare a fiscal analysis exploring the issues and considerations for changing the County's cultivation tax from square footage to gross receipts, including the impact to the businesses, the impacts on County revenues and any necessary administrative changes. The report provided to the County in January 2023 (the 2023 analysis) included recommended tax rates and revenue estimates.

On May 23, 2023 the Board of Supervisors adopted Ordinance 6433 amending the County's Cannabis Business Tax Ordinance to adjust the cultivation tax rates in accordance with the findings of HdL's analysis. Among the changes adopted by the County was a recommendation to apply a single square footage rate for each type of cultivation (indoor, outdoor and mixed-light) regardless of the size of the operation. Previously, the County had applied a range of rates depending upon the size of the operation, with the smallest "Specialty Cottage" operators paying a rate that was less than half the rate for grower with Small and Medium sized licenses.

Following upon HdL's initial report, the County requested that HdL provide an annual update to its tax rate analysis, which would include a discussion of general market trends and wholesale prices to determine how they affect the County's square-footage tax as a percentage of gross receipts. HdL's annual tax rate analysis for 2025 examined cannabis cultivation business information from calendar year 2024 and provided recommendations to adjust the County's tax rates downward from the rates recommended in our report for calendar year 2023, which had similarly recommended a downward rate adjustment from the previous year (CY 2022).

This analysis uses the same methodology as presented in our 2024 and 2025 reports, including the use of weighted averages to accurately capture the range of market prices received for different types of cannabis flower products including premium large bud, small bud “popcorn” and leaf or trim. This report also provides an update on comparable tax rates from around the state, as well as any other pertinent information that may be of interest to the County in considering changes to its cannabis tax rates.

## **Current Cannabis Cultivation Tax Rates**

Sonoma County’s cannabis tax ordinance allows maximum square footage rates of up to \$10 per square foot of cannabis cultivation area for outdoor cultivation, up to \$22 per square foot for mixed-light cultivation and up to \$38 per square foot for indoor cultivation. The tax was implemented with initial rates of up to \$2 per square foot for outdoor cultivation, up to \$6.50 per square foot for mixed light and up to \$11.25 per square foot for indoor cultivation.

HdL’s 2023 analysis found that the County’s previous rates resulted in an inequitable tax burden depending upon the cultivation type, with outdoor cultivators paying a rate that was effectively more than 10-times higher than the rate paid by indoor or mixed-light cultivators. Our report recommended the County’s square-footage rates should be set to be equivalent to a gross receipts rate of no lower than 1.00% and no higher than 2.50%. Based on our analysis, the County implemented new rates of \$0.75 for outdoor cultivation, \$3.00 for mixed-light, and \$12.50 for indoor cultivation.

Our 2024 report recommended a moderate downward adjustment to the rates for outdoor and mixed-light cultivation and a more substantial adjustment for indoor cultivation. Our 2025 report recommended more drastic reductions to the rates for all 3 cultivation types. The history of the County’s cultivation tax rates is shown in Figure 1, below.

**Figure 1: Sonoma County Cultivation Tax Rates**

	Maximum Rate/SF	Initial Rate/SF	2022 Rate/SF	2023 Rate/SF	2024 Rate/SF	2025 Rate/SF
<b>Outdoor Cultivation</b>						
1C - Specialty Cottage	\$10.00	\$1.00	\$0.62	\$0.75	\$0.69	\$0.36
1 - Specialty	\$10.00	\$1.50	\$0.93	\$0.75	\$0.69	\$0.36
2 - Small	\$10.00	\$2.00	\$1.24	\$0.75	\$0.69	\$0.36
3 - Medium	\$10.00	\$2.00	\$1.24	\$0.75	\$0.69	\$0.36
<b>Mixed-Light Cultivation</b>						
1C - Specialty Cottage	\$22.00	\$2.25	\$1.39	\$3.00	\$2.51	\$1.15
1 - Specialty	\$22.00	\$4.50	\$2.78	\$3.00	\$2.51	\$1.15
2 - Small	\$22.00	\$6.50	\$4.02	\$3.00	\$2.51	\$1.15
3 - Medium	\$22.00	\$6.50	\$4.02	\$3.00	\$2.51	\$1.15
<b>Indoor Cultivation</b>						
1C - Specialty Cottage	\$38.00	\$3.75	\$2.32	\$12.50	\$7.58	\$3.00
1 - Specialty	\$38.00	\$7.50	\$4.64	\$12.50	\$7.58	\$3.00
2 - Small	\$38.00	\$11.25	\$6.96	\$12.50	\$7.58	\$3.00
3 - Medium	\$38.00	\$11.25	\$6.96	\$12.50	\$7.58	\$3.00

## Cultivator Questionnaire

For our analysis, HdL provided a questionnaire which was distributed to the County’s cultivators. The questionnaire was identical to the version used for our 2024 analysis and requested all of the following information:

- The total square footage of their operations
- Cultivation type (indoor, outdoor, mixed-light)
- The highest, lowest and average prices received for flower (both large bud and small bud), leaf or trim, and fresh whole plant
- The volume of product sold for each of the above categories

A copy of the questionnaire is included within the appendix of this report.

Figure 3, on the next page, compares the participants from our current analysis with those from our 2023, 2024 and 2025 analyses. In all cases, the number of participants represents a very small sample set compared with the total number of cannabis cultivation businesses in Sonoma County. Our 2023 analysis was based on just 7 participating cultivators, 3 of which cultivate indoors and 4 of which cultivate outdoors. No mixed-light cultivators participated in our 2023 analysis. Our 2024 analysis was based on a sample set of 13 cultivators, including 5 indoor, 7 outdoor and 1 mixed light. Our 2025 analysis similarly included 13 cultivators, including 2 indoor, 10 outdoor and 1 mixed light. Unfortunately, the only mixed-light grower did not include any pricing information, making their input unusable.

For our 2026 analysis, the County received a total of 14 responses. However, this included a number of entries that were not usable. One nursery owner provided comments but no pricing or volume data. One outdoor cultivator provided separate entries for each of their operations, but all with identical pricing information. We chose to roll these into a single entry so as to not over-represent a single business. Another cultivator listed separate outdoor, indoor and mixed-light operations. When contacted, he explained that only the outdoor cultivation was currently in operation and that he did not yet have pricing or volume information for the indoor or mixed-light facilities. The only indoor cultivator provided data for only fresh whole-plant harvests, which were not included in either our 2024 or 2025 analyses. This information has been included in our report as a point of information, but it is not included in our rate calculations. Figure 2, below, shows the numbers of each cultivation type used in each our analyses.

**Figure 2: Participants by Cultivation Type**

Cultivation Type	2023	2024	2025	2026 Total	2026 Usable
Indoor	3	5	2	2	1
Outdoor	4	7	10	9	3
Mixed Light	0	1	0	2	1
<b>Total</b>	<b>7</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>5</b>

We note that all four years represent a very small sample set of the County’s licensed growers, with the current set being the smallest. These figures are only indicative of those businesses which self-selected to participate in this analysis by filling out our questionnaire. It should be assumed that those growers who self-select to participate have likely chosen to do so because of the incentive to encourage the County to adjust its rates. As with our previous reports, we have attached the narrative comments provided by the participants in the Appendix, most of which speak to increased operating costs, lower prices, and greater uncertainty about the future.

HdL compiled the high price, low price and average price data reported by the respondents for each of the product categories (large bud, small bud, leaf/trim and fresh whole plant) and according to the type of cultivation (indoor, outdoor or mixed-light). This data was compared with the similar data from our 2023, 2024 and 2025 analyses and is shown in Figure 3, below.

Our 2024 and 2025 analyses used a somewhat different methodology than our initial report from 2023. This methodology provides weighting to accurately reflect the range of market prices received for a variety of cannabis flower products, including premium large bud, small bud “popcorn” and leaf or trim. Generally, the larger bud flower is able to earn a higher price. Our methodology requests separate pricing information for each of these products and weights it by the volume of each type of product sold. We developed this methodology to account for an inclination for growers to overestimate their average prices by emphasizing the top dollar received for large bud. Weighting these different products by volume shows that the true average price for each cultivation type is somewhat lower, which affects the equivalent gross receipts that can be generated per square foot.

**Figure 3: Change in Prices Received Among Survey Participants; 2023 to 2026**

Change in Prices Received Among Survey Participants; 2023 to 2026															
Category	Indoor Average					Mixed-Light Average					Outdoor Average				
	2023	2024	2025	2026	Change % YOY	2023	2024	2025	2026	Change % YOY	2023	2024	2025	2026	Change % YOY
1 Flower, Large, High Price	\$1,954	\$1,360	\$750		N/A		\$900		\$1200	N/A	\$400	\$637	\$306	\$467	+52.51%
2 Flower, Large, Low Price	\$745	\$470	\$213		N/A		\$350		\$1200	N/A	\$143	\$369	\$178	\$87	-51.31%
3 Flower, Large, Avg. Price	\$1,230	\$942	\$556		N/A		\$600		\$1200	N/A	\$308	\$462	\$248	\$262	+5.51%
4 Flower, Smalls, High Price		\$520	\$188		N/A		\$250		\$450	N/A		\$206	\$136	\$113	-17.28%
5 Flower, Smalls, Low Price		\$180	\$108		N/A		\$100		\$450	N/A		\$144	\$89	\$45	-49.44%
6 Flower, Smalls, Avg. Price		\$370	\$139		N/A		\$150		\$450	N/A		\$163	\$111	\$80	-27.93%
7 Leaf/Trim High Price	\$40	\$21	\$13		N/A		\$35		\$200	N/A	\$82	\$17	\$16	\$14	-15.63%
8 Leaf/Trim Low Price	\$10	\$5	\$10		N/A		\$5		\$10	N/A	\$29	\$9	\$7	\$6	-14.29%
9 Leaf/Trim Avg. Price	\$25	\$11	\$11		N/A		\$20		\$124	N/A	\$39	\$14	\$10	\$10	-3.33%
10 Fresh Whole Plant High	\$333			\$125	N/A					N/A	\$134		\$84	\$125	N/A
11 Fresh Whole Plant Low	\$288			\$90	N/A					N/A	\$49		\$67	\$90	N/A
12 Fresh Whole Plant Avg.	\$310			\$108	N/A					N/A	\$102		\$76	\$108	N/A

As can be seen in the table above, the inconsistent level of participation from year to year prevents us from being able to quantify year-over-year changes for either indoor or mixed-light cultivation. We did not receive any usable mixed-light data for last year's 2025 report, nor did we receive any usable indoor data for this year's 2026 report. The one mixed-light grower that responded for 2026 provided data that was not broken out into high, low and average prices, which inflates the already high prices reported. The respondent did provide separate pricing for leaf and trim, but the prices shown are dramatically out of step with what are typically very low prices for this category that commonly amount to little more than cost recovery.

For outdoor cultivation, the highest prices reported for large-bud flower increased significantly, from \$306/lb in 2025 up to \$467/lb in 2026; an increase of 52.51%. However, the lowest prices for large bud decreased almost as dramatically, from \$178/lb down to \$87/lb; a decrease of 51.31%. The weighted average price change amounts to a slight increase of 5.51%.

Prices for outdoor small-bud flower and leaf or trim both fell in every category (high, low and average price). Outdoor small-bud flower fell by a weighted average of 27.93%, while the weighted average for outdoor leaf or trim fell by a very slight 3.33%<sup>1</sup>.

The pricing data for outdoor cultivation suggests increasing price separation between higher-quality flower and lower quality product. This seems consistent with the current over-saturated market in that consumers have no shortage of product to choose from, driving down prices for anything other than exceptional product. This may also explain the unusually high prices reported by the sole respondent for mixed-light cultivation. While \$1,200/lb is far above commonly reported prices for even indoor cultivation, it is conceivable that this business may have tapped into a niche, boutique market that is not representative of the market as a whole.

<sup>1</sup> Prices shown in Figure 3 are rounded to the nearest dollar, which obscures the small 3.33% difference. The actual price for 2025 is \$10.06, and the price for 2026 is \$9.67.

Similarly, we spoke with one of the respondents who noted the prices he reported were higher than for most other outdoor cultivators. He explained that he produces only fully-packaged, self-branded and shelf-ready product, essentially selling product directly for retail rather than selling raw, bulk or white-label cannabis to distributors who may manufacture, repackage or relabel product before it goes to retail. This also points to a business seeking out a specialized niche that is likely not representative of the market as a whole, but may be the best option for smaller producers who likely cannot compete with much-larger industrial-scale growers operating on large volumes at a slim margin.

Determining the overall average price for each cultivation type must reflect the full range of prices for all saleable product and the relative volume of product sold at each price point. Determining the tax rate based only on the highest price received would give a falsely-inflated estimate of the gross receipts for these growers, leading to higher square-footage tax rates.

To appropriately account for the range of prices received for large bud, small bud and leaf/trim, we have adjusted each of these based upon the percentage of the overall product yield represented by each subcategory. The average price per-pound for each subcategory is multiplied by the volume produced, in pounds. The total value of all subcategories is added together and then divided by the total volume in pounds to produce the volume-weighted average price. This methodology was developed partly in response to input from respondents to our 2023 questionnaire, as well as to information gathered from cultivators elsewhere in California.

Figure 4, below, shows the weighted average price for all saleable cannabis by cultivation type. The weighted average price for all outdoor cannabis products has declined by nearly 12% this year, from \$143/lb down to \$126/lb. This follows a decline of over 48% from 2024 to 2025. The weighted average price for mixed-light cannabis increased by nearly 180%, from \$153/lb up to \$427/lb, but this is based on data from a single respondent. As discussed previously, while we do not doubt the figures provided by this respondent, we do not believe they are reflective of mixed-light growers generally.

Average prices for indoor cannabis has declined even more precipitously, from \$606/lb down to \$240/lb, a decrease of over 60%. The only pricing data for indoor cultivation was limited to a single respondent who only provided prices for cannabis sold as fresh whole plant. We were not able to compare this data with the pricing for indoor cultivation from 2024 or 2025, as no participants for those years provided data for fresh whole plant.

**Figure 4: Weighted Averages**

	2024	2025	2026	% Decline
Outdoor	\$277 /lb	\$143 /lb	\$126 /lb	-11.68%
Mixed-Light	\$335 /lb	\$153 /lb	\$427 /lb	+179.28%
Indoor	\$606 /lb	\$240 /lb	N/A	N/A
2025 price shown for mixed-light derived using the average percent decline of the prices for outdoor and indoor				

## Tax Rate Scenarios

Our methodology is intended to provide weighted averages for each cultivation type (outdoor, indoor and mixed-light) based on actual reported pricing and volume data from participating cultivators within the County. This data would allow us to construct applicable square footage tax rates to approximate a range of equivalent gross receipts rates. This annual adjustment is intended to ensure that the square footage cultivation tax rates are equitable between the different cultivation types. A tax of X dollars per square foot will produce a set tax liability based on the total square footage being taxed, regardless of the value of the product or the total gross receipts being generated from that square footage. As the gross receipts go down, the amount paid represents a greater portion of those receipts, so the equivalent rate as a percentage of gross receipts goes up. The grower must pay the same amount of tax from a smaller amount of earnings.

Using the same square-footage-to-gross-receipts conversion methodology from our previous analyses, we can estimate the equivalent percentage of gross receipts for a range of square footage tax rates. Unfortunately, the limitations of the data set provided by the participating cultivators leaves us without usable weighted averages for indoor and mixed-light cultivation, and the average pricing for outdoor cultivation is based on a small dataset of only 3 participating growers. Without greater participation, we have no real data to guide tax rate adjustments for either indoor or mixed-light cultivation. For this reason, we are left to use the existing average pricing from the previous year for both of these categories, resulting in no recommended change to these rates.

Figure 5, below, shows the equivalent gross receipts rate if the County were to keep the square footage tax rates the same as for the previous year. The County's current rates were intended to approximate a gross receipts rate of 2.5%. Given the lack of usable new pricing data for indoors or mixed-light cultivation, the rates for these two cultivation types remain unchanged. The current rates of \$3.00 per square foot for indoor cultivation and \$1.15 per square foot for mixed-light cultivation both equal 2.50% of gross receipts. Adjusting the average price for outdoor cannabis from the previous \$143/lb down to \$126/lb and applying the current rate of \$0.36 per square foot equals 2.86% of gross receipts.

**Figure 5: Gross Receipts Equivalents at Current Square Footage Rates**

	A	B	C	D	E	F	G	H
Cultivation Type	Harvest Cycles /Year	Sample Area (sq ft)	Yield @ 1 lb/10 sf /cycle	Price per pound	Gross Receipts	Tax Rate per SF	Total Annual Tax Paid	Tax Rate % Gross Receipts
Indoors	5	10,000	5,000	\$240	\$1,200,000	\$3.00	\$30,000	2.50%
Mixed Light	3	10,000	3,000	\$153	\$459,000	\$1.15	\$11,500	2.50%
Outdoors	1	10,000	1,000	\$126	\$126,000	\$0.36	\$3,600	2.86%

Figures 6, below, shows a minor adjustment to the rate for outdoor cultivation to keep it at the same approximate equivalent of 2.50% as with both indoor and mixed light. Using the weighted average of \$126 per pound indicated from our analysis, the County’s tax rate would need to be adjusted just slightly, from the current \$0.36 per square foot down to \$0.32 per square foot to approximate 2.50% of gross receipts.

**Figure 6: Square Footage Equivalents for 2.50% Gross Receipts Rate**

	A	B	C	D	E	F	G	H
Cultivation Type	Harvest Cycles /Year	Sample Area (sq ft)	Yield @ 1 lb/10 sf /cycle	Price per pound	Gross Receipts	Tax Rate % Gross Receipts	Total Annual Tax Paid	Tax Rate per SF
Indoors	5	10,000	5,000	\$240	\$1,200,000	2.50%	\$30,000	\$3.00
Mixed Light	3	10,000	3,000	\$153	\$459,000	2.50%	\$11,475	\$1.15
Outdoors	1	10,000	1,000	\$126	\$126,000	2.50%	\$3,150	\$0.32

## Conclusion and Recommendations

Based on the pricing and volume information provided by the small group of participating cultivators, HdL does not recommend any changes to the County’s current square-footage cultivation tax rates for the coming year. The very limited dataset we received does not provide compelling evidence of substantial changes in market prices that would warrant such an adjustment. The lack of participation by mixed-light and indoor cultivators left us with no usable data to develop the weighted average pricing necessary for calculating changes to the County’s tax rates. Lacking any data to make a case for needed change, we recommend the County maintain the current rates of \$3.00 per square foot for indoor cultivation and \$1.15 per square foot for mixed-light cultivation.

The small sample set of 3 participating outdoor growers was sufficient to develop a current weighted average, if not compellingly so. The weighted average price for outdoor cultivation fell just slightly from \$143/lb down to \$126/lb. Maintaining the current rate of \$0.36 per square foot equals 2.86% of gross receipts, which is just slightly above the County’s desired target of 2.50%. The County could adjust this rate down to \$0.32 per square foot if desired to equal 2.50%, but this is such a minor adjustment as to likely not be worth the effort. Were these figures based on a greater sample set of participating cultivators, we would have greater confidence that the pricing information accurately reflects the majority of the County’s outdoor cultivators and not only those who self-selected to participate in this analysis.

HdL is confident of the methodology we have developed for determining weighted average cannabis prices for the various cultivation types (outdoor, indoor, mixed-light), but our methodology is dependent on the amount of data that we have to work with. It is simply not possible to determine an average from a single data point. The value of this methodology is dependent upon having a reasonably representative sample set to work with. It is unfortunate that more growers did not choose to participate in an analysis that could have benefitted them by

reducing their tax rates, and which benefits the County by helping to keep this important industrial sector competitive.

This report concludes the third year of a three-year project. If the County wishes to continue with this annual tax rate analysis to inform future adjustments to its cultivation tax rates, we would recommend that we first meet and confer to discuss ways to increase participation from the cannabis cultivation community to ensure that future installments are more representative of the local cultivation sector as a whole.

## Appendix:

### Cultivator Questionnaire

#### Sonoma County Cannabis Cultivation Questionnaire

The County of Sonoma is requesting your participation in this questionnaire to help inform possible revisions to the County's cannabis cultivation tax to ensure the rates are reasonable, equitable and competitive with common rates within the Northern California region and around the state. Your participation is voluntary but is greatly appreciated. All information will be aggregated and anonymized to ensure confidentiality for your business.

#### General Business Information

Business Name	<input type="text"/>		
Contact Name	<input type="text"/>		
Contact Phone Number	<input type="text"/>		
Total Licensed Square Footage	<input type="text"/>		
Cultivation Type	<b>Outdoor</b>	<b>Mixed-Light</b>	<b>Outdoor</b>
Total square footage of flowering canopy per type	<input type="text"/>	<input type="text"/>	<input type="text"/>

#### Pricing Information

Please provide the highest, lowest and average wholesale price per pound received during calendar year 2025 for each of the categories listed below.

	<b>High</b>	<b>Low</b>	<b>Average</b>
Flower (large bud)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Flower (smalls or popcorn)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Leaf or trim	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fresh whole plant	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Volume Information

Please provide the volume of product sold (in pounds) during calendar year 2025 for each of the categories below.

Flower (large bud)	<input type="text"/>
Flower (smalls or popcorn)	<input type="text"/>
Leaf or trim	<input type="text"/>
Fresh whole plant	<input type="text"/>

## Additional Comments

We greatly appreciate any additional comments you can provide to help us understand your business, current industry trends, market conditions or any other information you believe may be relevant for our analysis.

## Narrative Comments from Questionnaire Participants

" I answered based on bulk prices and what we sell bulk. About 60% of our business is selling 1/8ths and pre-rolls under our own brand."

"Please allow farm tours and on site sales. As you can see, otherwise it's hardly worth it. Direct to consumer (DTC) in the wine business helped both the grower and the retailer. Tourism is down, this will help!"

Operating a small, permitted cannabis farm in Sonoma County has become increasingly difficult, particularly for businesses focused on quality, sustainability, and long-term compliance rather than volume. We are a true small farm producing a high-end, craft product, employing 5–6 local workers at competitive wages and maintaining a salaried head grower. Despite this, my husband and I have not been able to pay ourselves in over five years. There is no profit... everything is reinvested into the business to remain compliant and operational. We also continue to carry substantial six-figure debt to our angel investor, a result of the significant capital required to launch, permit, and sustain a compliant farm operation in Sonoma County.

We recently completed a required electrical upgrade that took approximately 18 months and cost over \$175,000, an expense that would be difficult for any small agricultural business to absorb. In addition, we are currently owed over \$100,000 from buyers, with some unpaid invoices dating back several years. Nonpayment and delayed payment have unfortunately become normalized in the supply chain, placing an unsustainable burden on small operators like us. Financial instability is a real threat to our business.

We are a fresh-frozen-only operation and do not produce dried flower. We grow what performs well in our environment and focus on quality over scale. While there is demand for our product, market conditions continue to push pricing downward in a race to the bottom that disproportionately harms small, craft producers who cannot compete on volume alone.

We operate with regenerative principles and high labor standards, but educating consumers on why higher-quality, sustainably grown cannabis costs more requires time, resources, and the ability to directly engage with the public. Opportunities such as on-site events or educational engagement could help bridge this gap, but current constraints make this difficult.

Overall, the combination of rising compliance costs, market compression, buyer nonpayment, and limited margins has made long-term sustainability extremely challenging for small, high-quality cultivation businesses like ours. We are sharing this perspective to help the County understand where meaningful improvements could be made beyond taxation alone. This is not to avoid our obligations, but to highlight how current systems disproportionately strain small, compliant farms. We need things like greater regulatory stability (allowing us to wash our own material on site), more realistic compliance expectations for small operators (don't fine us \$11K for growing healthy wide plants), and support for consumer education and direct engagement (allowing events). These types of structural supports would help preserve small, high-quality farms like Luma, that contribute to Sonoma County's agricultural identity.

“We’re a nursery so we don’t produce any of the products this survey asked about. We produce clones only. We’re barely surviving financially as is the rest of the industry, our customers, flowering facilities need lower tax rates.”

“Drying is a major problem with rains keeping the humidity too high to dry fast enough. No drying facilities available in October. Tents are the only option but that is associated with fines from PRMD.”