



Cannabis Tax Board Discussion

Auditor-Controller-Treasurer-Tax Collector
County Administrator's Office

State's Cannabis Cultivation Tax

Cannabis Category	Date Effective 1/1/2020-12/31/2021	New Rate Effective 1/1/2022
Flowers per dry-weight ounce	\$9.65	\$10.08
Leaves per dry-weight ounce	\$2.87	\$3.00
Fresh cannabis plant per ounce	\$1.35	\$1.41

<https://www.cdtfa.ca.gov/industry/cannabis.htm>



Sonoma County Cannabis Tax – Chapter 35 FY 2020-2022 Rates → Cultivation (1 of 3)

Outdoor Cultivation	
Cultivation License Type	Rate per Square Foot
1C - Specialty Cottage	\$1.12
1 - Specialty Outdoor	\$1.69
2 - Small	\$2.25
3 - Medium	\$2.25

<https://sonomacounty.ca.gov/Cannabis/Taxes/All-Cannabis-Tax-Rates/>



Sonoma County Cannabis Tax – Chapter 35 FY 2020-2022 Rates → Cultivation (2 of 3)

Mixed-Light Cultivation	
Cultivation License Type	Rate per Square Foot
1C - Specialty Cottage	\$2.53
1 - Specialty Mixed-Light	\$5.06
2 - Small	\$7.31
3 - Medium	\$7.31

<https://sonomacounty.ca.gov/Cannabis/Taxes/All-Cannabis-Tax-Rates/>



Sonoma County Cannabis Tax – Chapter 35 FY 2020-2022 Rates → Cultivation (3 of 3)

Indoor Cultivation	
Cultivation License Type	Rate per Square Foot
1C - Specialty Cottage	\$4.22
1 - Specialty Indoor	\$8.43
2 - Small	\$12.65
3 - Medium	\$12.65

<https://sonomacounty.ca.gov/Cannabis/Taxes/All-Cannabis-Tax-Rates/>



Sonoma County Cannabis Tax – Chapter 35 FY 2020-2022 Rates → Supply Chain Business Tax

Operator Type	Percentage of Gross Receipts
Manufacturer	3.0%
Dispensary	2.0%
Cannabis Nursery	0.0%
Distributor	0.0%
Testing Laboratory	0.0%
Transporter	0.0%

<https://sonomacounty.ca.gov/Cannabis/Taxes/All-Cannabis-Tax-Rates/>



Sonoma County Outdoor Specialty Cultivation State & County Tax Illustration

	State Tax	Sonoma County Tax for Specialty Outdoor	Total Annual Tax
Per Plant	\$161.28	\$42.25	\$203.53
5,000 sf (200 plants)	\$32,256.00	\$8,450.00	\$40,706.00
Per sf	\$6.45	\$1.69	

- Conversion of rates to Per Plant basis for comparative purposes
- Assumed that an average 5,000 sq. ft. grow would contain 200 plants
- State Tax is based on weight. Calculation assumes that each plant yields 16 oz. of dried flower
- Department of Agriculture/Weights & Measures staff verifies canopy sq. ft.
- Illustration does not contemplate State Excise Tax



Sonoma County Cannabis Tax Due Dates

	Indoor/Mixed-Light Cultivation or Operations	Tax Payment Due Date
Quarter 1	July 1 through Sept. 30	October 31
Quarter 2	Oct. 1 through Dec. 31	January 31
Quarter 3	Jan. 1 through March 31	April 30
Quarter 4	April 1 through June 30	July 31

- **Outdoor Cultivation** is taxed on an annual basis and due in two equal Installments on 01/31/2022 and 04/30/2022
- 10% penalty on 30 days delinquent, additional 10% penalty on 60 days delinquent
- 1.5% Interest per month for delinquent balance



Others' Tax Responses/Reactions

[City & County of San Francisco \(12/7/2021\)](#)

Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022. Ordinance becomes effective 30 days after enactment, and will be retroactive to Jan. 1, 2022.

- *In November 2020, the Board of Supervisors approved an ordinance that delayed the imposition of the tax through December 2021. No tax revenue planned for 21-22.*

[Senator McGuire \(12/7/2021\) | Press Democrat Article](#)

- *"We need to take a close look at the overall tax rate and whether it is impeding the overall growth of the cannabis market."*



Cannabis Tax FY 2021-22 Budget

Tax Revenue	\$2,500,000
<ul style="list-style-type: none"> Services & Supplies Incl. Legal and Contract Svcs. 	(\$231,210)
<ul style="list-style-type: none"> Permit Sonoma: Code Enforcement 	(\$264,312)
<ul style="list-style-type: none"> ACTTC Tax Collection 	(\$554,189)
<ul style="list-style-type: none"> CAO Program Support 	(\$455,268)
<ul style="list-style-type: none"> Ag. Weighs & Measures Inspections and Application 	(\$301,637)
<ul style="list-style-type: none"> Public Health 	(\$168,969)
<ul style="list-style-type: none"> Permit Sonoma: EIR Staffing 	<u>(\$455,668)</u>
Estimated Surplus	\$68,746

Q1 Collection:
~\$255,000

**Year End Depts.'
Collected Fees**
May offset Tax Fund
draw down need



Board Options to Revise Tax Code

Board has authority by ordinance to reduce or eliminate taxes already accrued/due and for future tax periods.

- **Adopt regular ordinance** (majority vote)
 - a) Requires two readings and becomes effective 30 days after adoption
- **Adopt urgency ordinance** (4/5 vote)
 - a) Must show the need for the immediate preservation of the public peace, health, or safety
 - b) Effective immediately
 - c) Recommended to follow up with regular ordinance
- **Adopt of a resolution to waive penalties & interest** (majority vote)
 - a) Still requires taxes be paid or that the Board adopt an ordinance to reduce or eliminate tax liability

