



County of Sonoma

State of California

Date: April 5, 2022

Item Number: _____

Resolution Number: _____

4/5 Vote Required

**Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California,
Extending the Due Dates for Cannabis Business Taxes on Cultivation from January 31, 2022
and April 30, 2022 to May 31, 2022.**

Whereas, on January 1, 2022, the state's cultivation tax rate increased due to inflation, while remaining at an 80% mark-up rate; and

Whereas, the cannabis industry has reported a dramatic drop in the cannabis price per pound; and

Whereas, the cannabis industry has asserted that as a result of the rise in state cannabis taxes and the decrease in the price per pound of cannabis, the legal cannabis industry is on the brink of collapse, which has the potential to push legal operators to the unpermitted market; and

Whereas, numerous reputable new outlets are additionally reporting an oversupply of cannabis production and a sharp decline in cannabis prices, resulting in further sustainability concerns for the legal cannabis industry; and

Whereas, the Board of Supervisors and County staff have received numerous requests from the legal cannabis industry to revise the County's current tax structure to provide relief; and

Whereas, on January 4, 2022, the Board of Supervisors were presented with different policy considerations for providing relief to the County's cannabis tax industry; and

Whereas, on January 25, 2022, the Board of Supervisors extended the due date of January 31, 2022 to April 30, 2022 for all Cannabis Tax Operators and were presented with different policy considerations for providing relief to the County's cannabis tax industry; and

Whereas, on March 15, 2022, the Board of Supervisors directed staff to reduce the cultivation tax rate by 45%, beginning with Fiscal Year 2021-2022, and

Whereas, on November 7, 2016, Sonoma County voters approved the Cannabis Business Tax Ordinance (“Cannabis Business Tax”); and

Whereas, Section 35-5 of the Cannabis Business Tax imposes an annual commercial cannabis business tax on every person who is engaged in commercial cannabis business (“Operators”); and

Whereas, Sections 35-6(a) & 35-6(b) of the Cannabis Business Tax requires the commercial cannabis business tax due and payable in quarterly installments, except for outdoor operators, whose taxes are due and payable in two installments; and

Whereas, Sections 35-6(a) & 35-6(b) of the Cannabis Business Tax further provide that submission of the tax statement and remittance of the tax shall be due and payable to the Treasurer-Tax Collector on or before the last day of the month following the close of each fiscal year quarter for all Operators except for outdoor operators, whose taxes are due and payable on or before the due date as prescribed by the Treasurer-Tax Collector; and

Whereas, further pursuant to Sections 35-6(a) & 35-6(b) of the Cannabis Business Tax, all Operators have a cannabis business tax payment due on or before April 30, 2022, which will include the cannabis business tax payment due January 31, 2022; and,

Whereas, Section 35-6(e) of the Cannabis Business Tax provides that the Auditor-Controller Treasurer-Tax Collector may, in his discretion, establish shorter or longer report and payment period for any taxpayer as the Auditor-Controller Treasurer-Tax Collector deems necessary to insure collection of the tax; and

Whereas, due to the board action to decrease the cultivation tax rate by 45%, County staff needs time to amend the ordinance to reflect the tax policy decision, and the Auditor-Controller Treasurer-Tax Collector requests to extend the due dates for reporting and remittance for cannabis business taxes on Cultivation only from January 31, 2022 and April 30, 2022 to May 31, 2022.

Now, Therefore, Be It Resolved that the Board of Supervisors hereby finds, declares, determines and orders as follows:

1. The foregoing recitals are true and correct.
2. Notwithstanding Sections 35-6(a) and 35-6(b) of the Cannabis Business Tax, the deadline for reporting and remittance of the cannabis business taxes on cultivation only that are due on January 31, 2022 are hereby extended until May 31, 2022. This extension is a result of direction from the board to reduce the cultivation tax rate by 45%, and allow time for the ordinance to be amended.
3. Notwithstanding Sections 35-6(a) and 35-6(b) of the Cannabis Business Tax, the deadline for reporting and remittance of the cannabis business taxes on cultivation only that are due on April 30, 2022 are hereby extended until May 31, 2022. This

extension is a result of direction from the board to reduce the cultivation tax rate by 45%, and allow time for the ordinance to be amended.

4. This Resolution shall not be construed to affect the amount of taxes owed by any person under the Cannabis Business Tax.
5. This Resolution shall not be construed to affect the extended deadline of taxes owed by supply chain businesses under the Cannabis Business Tax that remain due on April 30, 2022.

Supervisors:

Gorin: Rabbitt: Coursey: Hopkins: Gore:

Ayes: Noes: Absent: Abstain:

So Ordered.