



## Legislation Text

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**File #:** 2019-0392, **Version:** 1

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**To:** Board of Supervisors of Sonoma County  
**Department or Agency Name(s):** Auditor-Controller-Treasurer-Tax Collector  
**Staff Name and Phone Number:** Brooke Koop: 565-3232  
**Vote Requirement:** Majority  
**Supervisorial District(s):** All Districts

**Title:**

Waiver of Penalty and Interest Provisions for Transient Occupancy Tax, Business Improvement Area, and Commercial Cannabis Cultivation and Supply Chain Operators Suffering Structure Damage or Loss as a result of the 2019 Flood (Flood).

**Recommended Actions:**

- A) Approval of the Sonoma County Board of Supervisors to temporarily waive Transient Occupancy Tax and Business Improvement Area delinquent penalties and interest for first quarter of calendar year 2019 for operators suffering structure damage or loss as a result of the Flood, and delegating authority to the ACTTC to extend this waiver under extraordinary circumstances.
- B) Approval of the Sonoma County Board of Supervisors to temporarily waive Cannabis Business Tax delinquent penalties and interest for the third quarter of fiscal year 2018-2019, for commercial cannabis cultivation and supply chain operators suffering structure damage or loss as a result of the Flood, and delegating authority to the ACTTC to extend this waiver under extraordinary circumstances.

**Executive Summary:**

The next quarter payment deadline for the Transient Occupancy Tax (TOT), Business Improvement Area (BIA) Assessment and Cannabis Business Tax is April 30, 2019. Due to the wide spread impact of the recent floods, the Auditor-Controller-Treasurer-Tax Collector (ACTTC) is requesting temporarily waiving delinquent penalties and interest for operators that suffered damage to structure, business property and/or business records until July 31, 2019.

**Discussion:**

Transient Occupancy Tax/Business Improvement Area Assessments

The recent floods have resulted in the damage/loss of vacation rental properties and their corresponding documentation. As a result, some affected operators will not be able to remit taxes for the first quarter of 2019 on the due date of April 30, 2019. The ACTTC is requesting a temporary waiver of delinquent penalties and interest for those operators subject to TOT and/or the BIA Assessment who have damaged or lost businesses or business documentation due to the floods. The waiver will remain in effect until July 31, 2019, after which affected operators will be subject to delinquency penalties for failure to report and remit TOT and BIA for the first quarter of calendar year 2019. The ACTTC is also requesting authority to exercise his discretion to extend this waiver beyond July 31, 2019 or to the second quarter of 2019 in extraordinary circumstances. Under no circumstances will this extraordinary waiver extend beyond October 31, 2019. Should the ACTTC

discover that an operator falsely reported a business or documentation loss, the ACTTC will impose delinquent penalties as they would have otherwise been imposed.

### Cannabis Business Tax

Cannabis cultivation and supply chain operators have been affected by damage or loss due to the floods. As a result, some affected operators will not be able to remit taxes for the third quarter of FY 2018-2019 on the due date of April 30, 2019. The ACTTC is requesting a temporary waiver of delinquent penalties and interest for commercial cannabis operators. The waiver will remain in effect until July 31, 2019. The ACTTC is also requesting authority to exercise his discretion to extend this waiver beyond July 31, 2019 or to the fourth quarter of FY 2018-2019 in extraordinary circumstances. Under no circumstances will this extraordinary waiver extend beyond October 31, 2019.

Commercial cannabis operators that incurred crop loss must appeal to the Department of Agriculture/Weights and Measures. Cannabis business tax relief may only be granted in accordance with the Department of Agriculture/Weights and Measures inspection and verification records.

The proposed waivers will provide additional time for affected operators to contact the county and seek relief.

### **Prior Board Actions:**

### **FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 18-19 Adopted</b>	<b>FY19-20 Projected</b>	<b>FY 20-21 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

### **Narrative Explanation of Fiscal Impacts:**

There will be minimal fiscal impacts, as actual taxes are still due and payable. Anticipated impacts include, delay of revenue collection and minimal loss of penalty and interest payments.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll)</b>	<b>Monthly Salary Range (A - I Step)</b>	<b>Additions (number)</b>	<b>Deletions (number)</b>


**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

- 1) Resolution Waiving Delinquent Penalties and Interest Under the Transient Occupancy Tax and Sonoma County Tourism Business Improvement Area Ordinances for the First Quarter of Calendar Year 2019 for Operators Suffering Structure or Business Damage from the 2019 Flood
- 2) Resolution Waiving Delinquent Penalties Under the Cannabis Business Tax Ordinance for the Third Quarter of Fiscal Year 2018-2019 for Operators Suffering Structure or Business Damage from the 2019 Flood

**Related Items "On File" with the Clerk of the Board:**