

**Alexander, Jacquelyne**

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**From:** Dan Fox <dan@privatereserve.org>  
**Sent:** Friday, January 19, 2018 1:43 PM  
**To:** Adam, Peter; Hartmann, Joan; Lavagnino, Steve; Williams, Das; Wolf, Janet; sbcob  
**Subject:** Public comment tax item #2

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Dear County Board of Supervisors

First, thank you for all of your time, effort and commitment. Secondly, I am reaching out as we would greatly appreciate your close consideration related to a fair and reasonable reduction of what will be a very onerous and unreasonable tax on cultivation with regards to medical and/or adult use cannabis.

- *We have been investing in land, employees, equipment and farming in the Lompoc Valley for over three years and we're legitimately very concerned about our ability to be sustainable with the combination of state and proposed local taxes*
- *In addition to normal costs of farming, the new regulated cannabis market drastically increases costs of doing business:*
  - *State taxes which we estimate at 30% - 40%*
  - *Annual state licensing fees will significant for our farm*
  - *New State costs of compliance including track and trace software, labor peace agreements, additional labor and testing to name just a few*
  - *There are also proposed development standards in the County's draft land use ordinance **that will further increase** our costs*
  - *We still don't have any information on how much the county will charge for business license fees and land use permit fees. This could also overburden the local industry.*
  
- ***Please help local farmers stay competitive. Mendocino County and Sonoma County do not tax nurseries. Stanislaus County only charges a flat application and business permit fee – not tax rate.***
  
- ***We are more than willing to do all we need to do to be compliant and pay reasonable taxes. We only ask that you consider a very fair reasonable decrease in the the cultivation tax to 3% from 4% gross receipts. And it is very important that the county does NOT tax transport-only distribution licenses (type 13). This simply allows us to transport our product.***

- ***We also grow immature plants on our farm and ask that you do not tax nursery, or at least keep the rate at 1%. Taxing an ag product before and after it flowers is unheard of for any other industry and is not only unreasonable, but not rational or fair.***

Thank you for your time and consideration. Sincerely,

Dan Fox

**Private Reserve Originals**

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