

Cannabis Taxation, Compliance, and Enforcement Report First Quarter - Fiscal Year 2024-25

Board of Supervisors
January 14, 2025



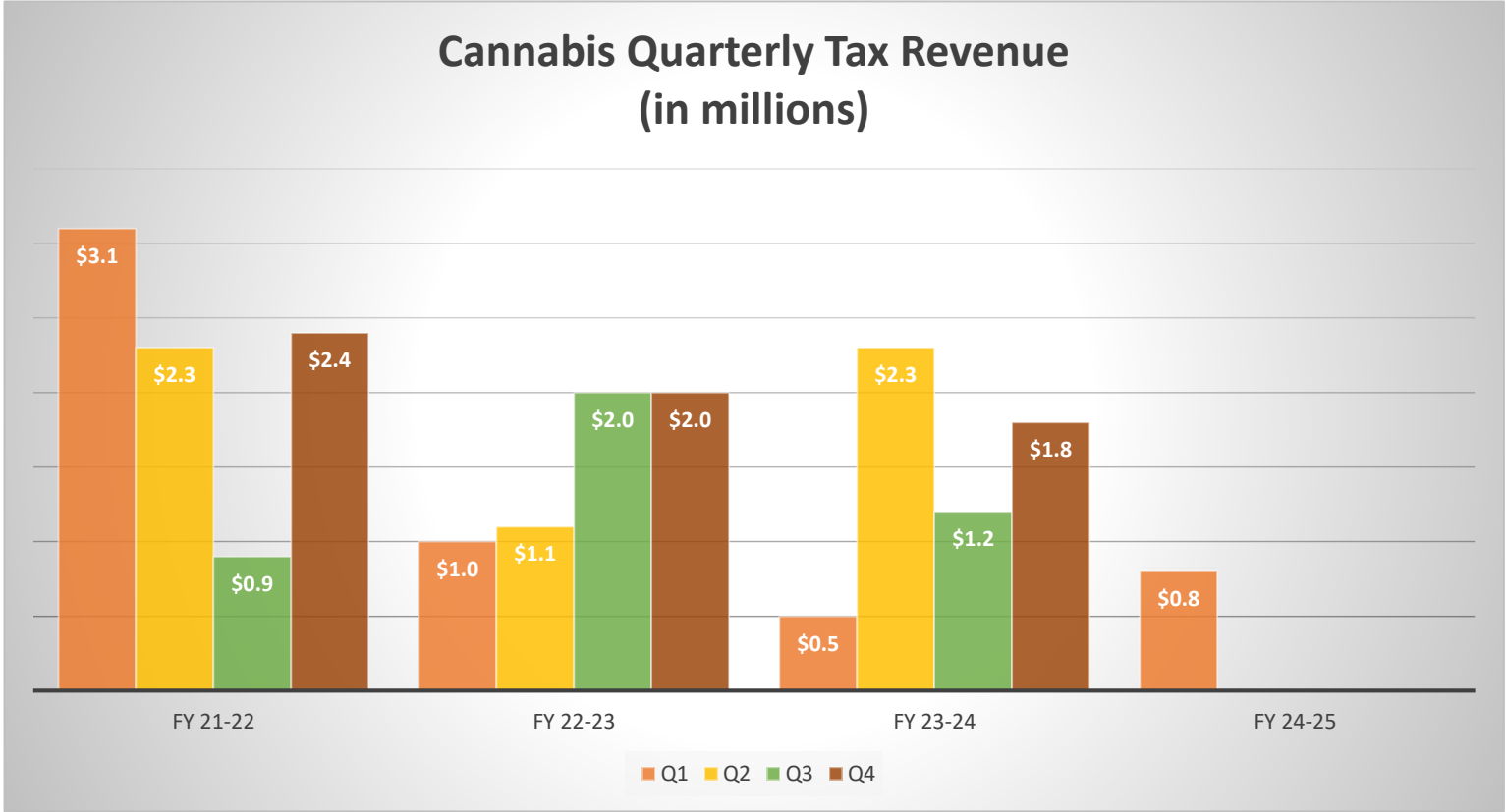
County Executive Office

Context

- Quarterly updates provided to summarize:
 - Tax receipts and compliance
 - Land use permitting and business license activity
 - Enforcement of illegal activity
 - Objectives for the upcoming quarters
- Seek any other board direction regarding the County's cannabis program

Tax Collection and Reporting

- Collected \$835K in cannabis gross tax receipts in Q1
- Collections were higher than Q1 last year
- The FY 2024-25 adopted budget is \$6.1 M



Tax Collection and Reporting

Time Frame	Tax Revenue Received	Operators that Did Not Report	Number of Operators Reporting Gross Receipts	Number of Operators Reporting Zero Gross Receipts	Total Number of Operations
FY 24-25 Q1	\$834.7K	1	41	9	51

- The operator that did not report is not currently in operation; they do hold active State licenses that will expire this year and their County business license was denied.

Report from Tax Collector

Tax Collection, Reporting and HdL Audits

- 2022-23 preliminary audit reports were reviewed internally and one audit has been finalized; second audit is still pending
- HdL is preparing to start six cultivation audits in current fiscal year to complement compliance work
- The Board authorized \$132k in the current year's budget to assist with funding the audits.

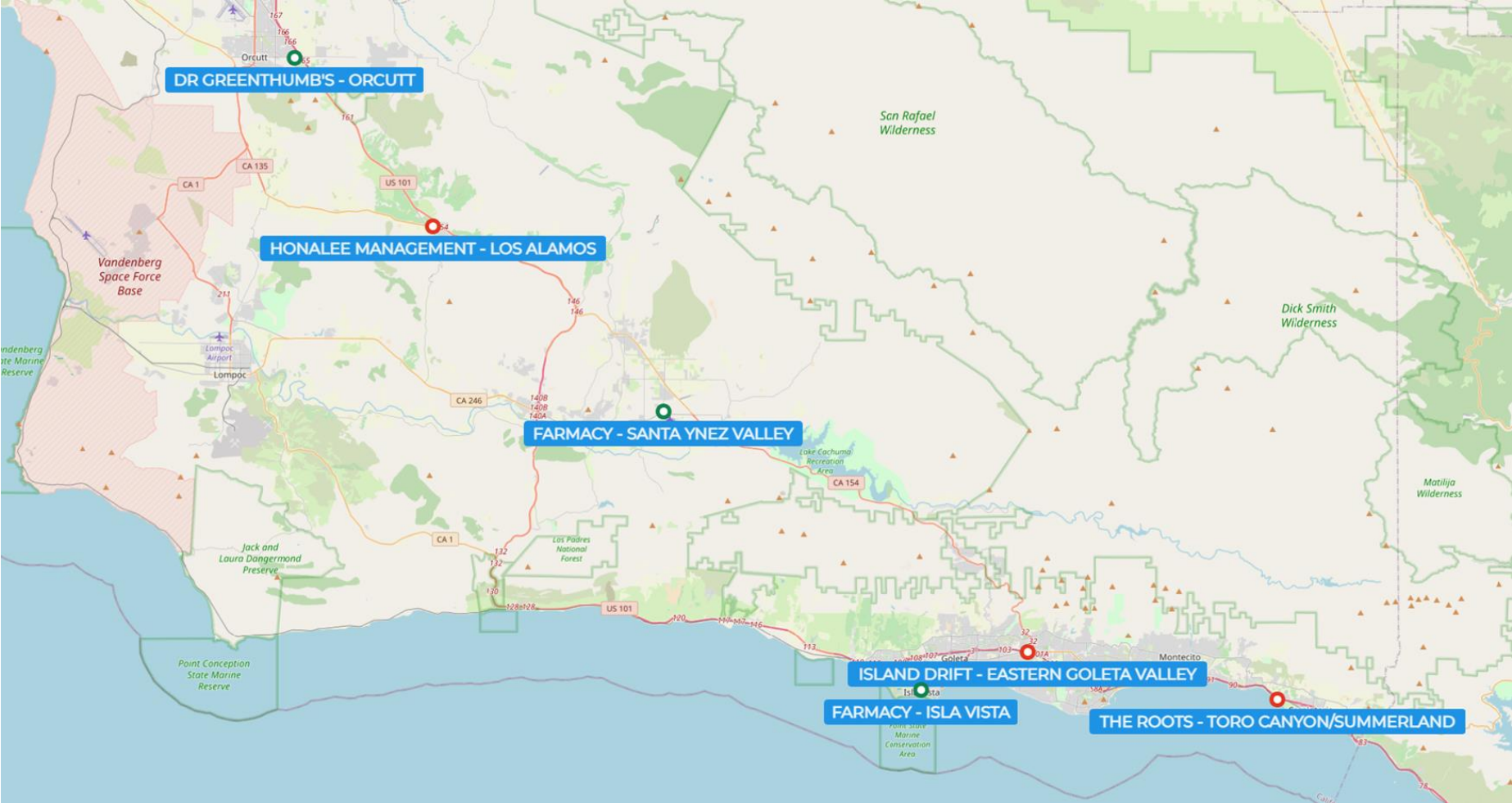
Land Use Permitting and Licensing

	Acreage Cap	Submitted Permit Acreage	Approved Permit Acreage	Issued Permit Acreage
Carpinteria Agricultural Overlay	186	177.67	170.28	148.58
Remaining Unincorporated Area	1,575	2,462.05	1,760.81	1,019.17

CURRENT APPEAL TOTALS	
Number of Cannabis Projects on Appeal to Planning Commission	2
Number of Cannabis Projects on Appeal to Board of Supervisors	1
Total Number of Cannabis Projects Currently on Appeal	3

Land Use Permitting and Licensing

Retail Dispensaries



Enforcement of Illegal Activity

	FY 22-23				FY 23-24				FY 24-25
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
# of Enforcement Actions	4	5	6	4	5	4	5	5	5
# Live Plants Confiscated	300	1,969	0	554	N/A	1,259	423	N/A	94
Live Plant Value \$\$	\$148.5K	\$974K	0	\$274K	N/A	\$624K	\$140K	N/A	\$57K
Dried Product Confiscated (lbs.)	62	586	2,657	20	303	259	271	303	48
Dried Product Value \$\$	\$77.5K	\$664.5K	\$3.4M	\$35K	\$304.5K	\$261K	\$180K	\$304.5K	\$29K

Objectives for the Upcoming Quarters

- Review & propose Ch 50 ordinance amendments
 - Background checks
- Continue the financial monitoring and tax audit process
- Continue to improve the Business License application process

Recommended **Actions**

- a) Receive an update on the status of cannabis tax collection, land use permitting, business licensing, and enforcement;
 - b) Provide any other direction to staff regarding the County's cannabis program; and
 - c) Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a "project" as defined for the purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).
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