

Sarah Mayer

Public Comment

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**From:** Sam Rodriguez <sam@goodfarmersgreatneighbors.com>  
**Sent:** Thursday, June 13, 2024 3:56 PM  
**To:** sbcob  
**Cc:** Steinfeld, Amy; Brittany Odermann; Sam Rodriguez  
**Subject:** Good Farmers Great Neighbors Letter on Tax Policy, Tax on Cannabis Operations  
**Attachments:** Good Farmers Great Neighbors Letter - Tax Policy, Cannabis Operations (1).pdf

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## Good Afternoon Clerk of the Board

Please accept our Public Comment Letter regarding Hybrid Model - Minimum Square Footage Tax with 4% Gross Receipts for Agenda Item 24-00639, Tax on Cannabis Operations Ordinance.

In anticipation of the upcoming board of supervisors meeting on June 18th, we think it is valuable to have in-hand a brief summary of the various bold changes actively impacting the cannabis industry and consequently the rules and regulations at the federal, state and local levels of government.

GFGN Letter attached.

Thank you.

Best regards,

Good Farmers Great Neighbors aka The Guild

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TO: Supervisor and Chair, Steve Lavagnino  
Supervisor Bob Nelson  
Supervisor Joan Hartmann  
Supervisor Laura Capps  
Supervisor Das Williams

FR: Sam Rodriguez  
Policy Director

CC: Amy Steinfeld, GFGN Counsel  
Brittany Odermann, Deputy CEO

RE: Hybrid: Minimum Alternative Tax Payment  
Square Footage and Gross Receipts Tax Proposal  
(Agenda Item: 24-00639, Tax on Cannabis Operations Ordinance)

On behalf of **Good Farmers Great Neighbors Trade Association** we appreciate your ongoing engagement to discuss policy and programmatic issues affecting the legal cannabis cultivation community in **Santa Barbara County**.

During the **May 14th** Board of Supervisors Meeting, **CARP Growers** representing greenhouse cultivators in the Carpinteria Valley and **Good Farmers Great Neighbors aka The Guild**, comprised of both outdoor and indoor operators, *stood together* in support of maintaining the current **4%** gross receipts taxation method for all licensed cannabis farmers.

Since then the **federal government, U.S. Congress, Governor Newsom** and the **California state legislature** have either taken action or are in the process of advancing and passing legislation affecting the cannabis industry, and state and local government regulations.

This past month, on a bi-partisan basis the **California State Legislature** overwhelmingly passed **Senate Bill 1064** authored by **State Senator John Laird** from

**Santa Cruz County** and sponsored by **Rural County Representatives of California (RCRC)** - to replace the current licensing system with a streamlined process that **issues a single premises license** for each location. Our group and other stakeholders have been collaborating with the **California Department of Cannabis Control** in providing policy and technical expertise for the Bill to be enacted as soon as possible after the Governor's signature.

This state legislation was driven in part after the findings of the **State Audit** of several counties and cities and the report issued by the **Cannabis Policy Lab** written by former DCC regulator, Christine Dempsey, early in 2024. The audit and the report underscore the following that required the immediate attention of the **Governor and State Legislative Leaders**.

#### **Simplify the State License Structure**

- The current licensing system requires businesses to obtain multiple licenses for different activities conducted at a single location. This not only creates unnecessary administrative burdens for businesses but also increases processing times and costs for both applicants and regulatory agencies.

#### **Support Local Access and Equitable Access to Licensure**

- The Bill clarifies the roles of state and local governments in the licensing and oversight of cannabis businesses, ensuring that each level of government focuses on its respective areas of expertise. It will consolidate to one-operator's license and eliminate multiple environmental reviews and duplicative criminal background checks at both the local and state levels.

In short, the **Governor and State Legislative Leaders** with the support and collaboration of **Counties, Cities and cannabis stakeholders** have leaned in to reduce unnecessary complexity and duplication within the cannabis regulatory environment which is impeding government's ability to license businesses in a reasonable timeframe and complicating efforts to enforce the law. Collectively, this initiative seeks to reduce challenges and barriers to basic compliance for businesses.

This will be a significant reform effort in 2025 across the state working with counties and cities in reforming the current inefficient system.

Last month, the **Peace Officers Research Association of California (PORAC)** endorsed a newly introduced bi-partisan federal legislation that will allow all legalized states to participate in inter-state commerce. If passed, **Santa Barbara County** most likely would benefit with increased cannabis sales and generate tax revenues during a

period of challenging budgetary constraints. The **Cannabis States Act 2.0** was introduced shortly after the U.S. The **Department of Justice** moved into the implementation phase of **rescheduling cannabis** to **no longer** be a category I federally controlled substance. Under the new reschedule status, cannabis businesses will be able to deduct structural upgrade costs on their annual **IRS taxes**.

**Local cannabis businesses** are part of the *community fabric - banking locally, hiring and training the local workforce - providing a living wage with excellent health benefits; contracting specialized services with local vendors and collaborating with local chambers and like-minded vineyard owners to promote destiny-tourism.*

In short, the **Biden's Administration** approved process to reschedule cannabis coupled with the **Governor's and State Legislative** effort to reform the current licensing system immediately and a renewed spirit of bi-partisanship to allow legalized states to participate in **inter-state commerce** will have significant economic implications on the cannabis community in **Santa Barbara County**. The opportunity to stabilize the local cannabis economy and provide predictable certainty as it relates to **Tax Policy** is imminent.

We strongly support the **current 4% Tax Receipts System** with transparent **Tax Audits and Compliance Measures** on all local operators.

And finally, we would like to strongly recommend a budget allocation of **\$50,000** to the **UC-Santa Barbara, Office of Economic Forecast Project** headed by **Professor Peter Rupert**, to study the economic impact of the cannabis community related to direct and indirect employment, multiplier effects benefiting local and regional businesses and other related contributing factors - including the economic benefits and workforce opportunities for economically disadvantaged populations in Santa Barbara County.