

Cannabis Taxation, Permitting, Licensing and Enforcement Report Third Quarter - Fiscal Year 2024-25

Board of Supervisors
July 1, 2025



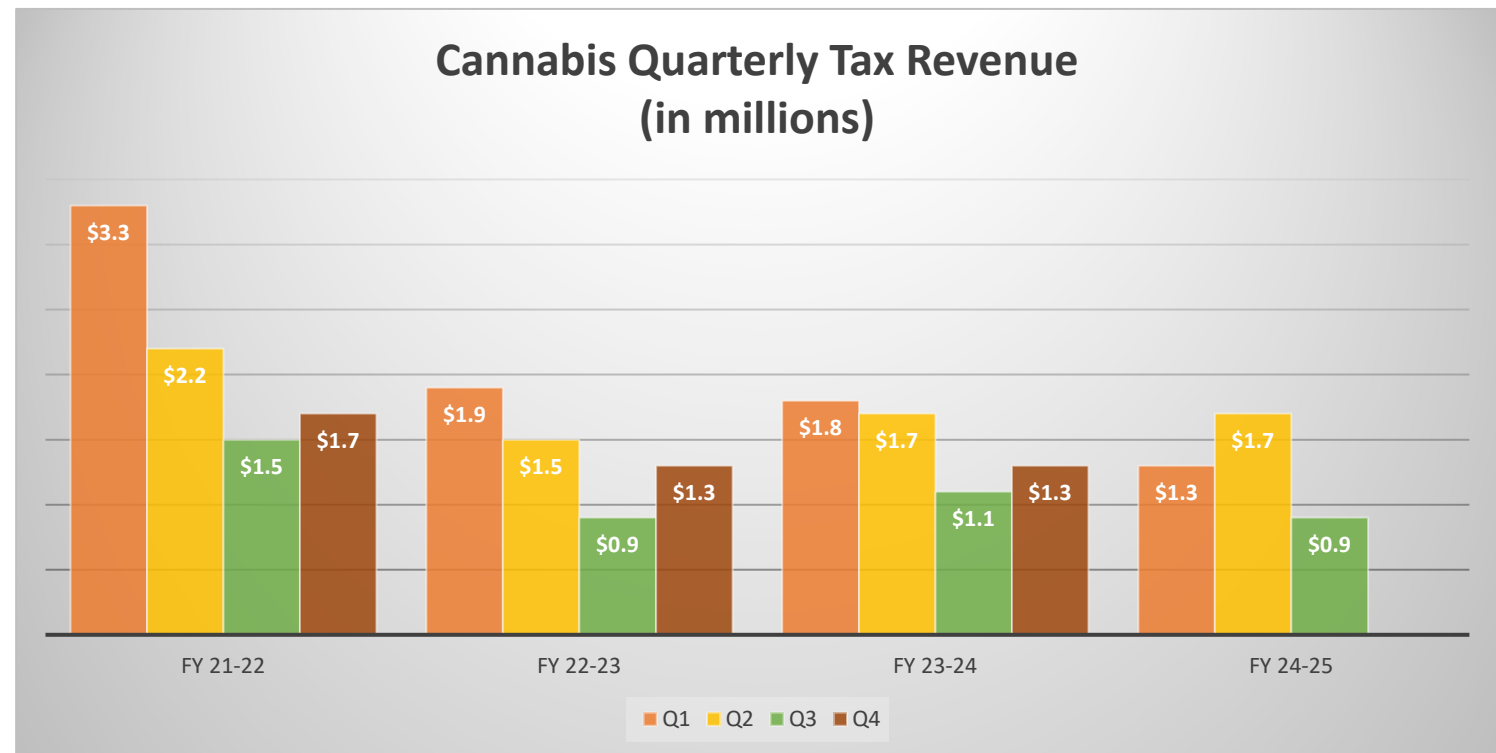
County Executive Office

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 \$0.9 M in cannabis gross tax receipts in Q3, for a total of \$3.9 M collected to date
- Collections were less than Q3 last year
- As of Q2, the 24/25 projected tax revenue is \$5.4 M, which is below the adopted budgeted amount of \$6.1 M



Indoor vs
Outdoor Tax
Collection

Tax Collection by Operation Type				
FY 2024-2025				
Operation Type	24 - 25 Q1	24 - 25 Q2	24 - 25 Q3	Total
Non-Cultivation	\$ 200,965	\$ 174,509	\$ 289,524	\$ 664,997
Cultivation Non- Outdoor	\$ 872,188	\$ 603,958	\$ 505,436	\$ 1,981,582
Cultivation Outdoor	\$ 260,029	\$ 922,213	\$ 75,881	\$ 1,258,123
	\$ 1,333,181	\$ 1,700,680	\$ 870,841	\$ 3,904,702

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 Q3	<u>\$0.9M</u>	<u>2</u>	<u>31</u>	<u>18</u>	<u>51</u>

- The operators that did not report are not currently in operation; they do not hold active State licenses, one operator surrendered their business license, and the other license was denied.

Land Use Permitting and Licensing

	Acreage Cap	Submitted Permit Acreage	Approved Permit Acreage	Issued Permit Acreage
Carpinteria Agricultural Overlay	186	140.03	138.11	137.54
Remaining Unincorporated Area	1,575	1,410.59	1,356.65	1,189.68

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

Odor Abatement

	Operators	OAP Submitted; Revisions Required	Filters On-Site; Updated OAP Pending	OAP Not Submitted	Affidavit on File
Carpinteria Agricultural Overlay	26	5	11	10	2
Remaining Unincorporated Area	3	0	0	3	0
Totals	29	5	11	13	2

Enforcement of Illegal Activity

	FY 22-23				FY 23-24				FY 24-25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
# of Enforcement Actions	4	5	6	4	5	4	5	5	5	6	5
# Live Plants Confiscated	300	1,969	0	554	0	1,259	423	0	94	0	0
Live Plant Value \$\$	\$148.5K	\$974K	0	\$274K	0	\$624K	\$140K	0	\$57K	\$0	\$0
Dried Product Confiscated (lbs.)	62	586	2,657	20	303	259	271	303	48	65	6
Dried Product Value \$\$	\$77.5K	\$664.5K	\$3.4M	\$35K	\$304.5K	\$261K	\$180K	\$304.5K	\$29K	\$39K	\$3.6K
Processed Products - Vapes/Edibles/ Prerolls (units)	-	-	-	-	-	-	-	-	-	4,706	1,566
Processed Products Value	-	-	-	-	-	-	-	-	-	\$70K	\$24K

Objectives for the Upcoming Quarters

- Propose and implement Ch 50 ordinance amendments
 - New acreage cap reduction for the Carpinteria-Overlay and Unincorporated areas outside the Carpinteria Overlay area
 - Transitioning Sheriff's licensing function to another department
- Monitor and coordinate new odor abatement requirement affidavits, extensions and installation deadlines
- 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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