

# **APPENDIX A**

**Cannabis Taxation, Compliance, and Enforcement**

**THIRD QUARTER**

**FISCAL YEAR 2020/2021**

## CANNABIS TAXES

Table 1 provides a comparison of operator reporting statistics and tax revenue data received from the Treasurer Tax-Collector’s Office for the first three quarters this fiscal year versus the same period last fiscal year.

TABLE 1. CANNABIS TAXES – REPORTING AND REVENUES

<b>Time Frame</b>	<b>Tax Revenue Received</b>	<b>Operators Reporting Gross Receipts</b>	<b>Operators Reporting Zero Gross Receipts*</b>	<b>Operators that Did Not Report</b>	<b>Operator Totals</b>
FY19-20 Q1	\$2.8M	34	34	22	90
FY19-20 Q2	\$2.0M	43	48	15	106
FY19-20 Q3	\$1.9M	46	44	23	113
<b>Q1 – Q3 Total</b>	<b>\$6.7M</b>				
FY20-21 Q1	\$4.2M	54	38	29	121
FY20-21 Q2	\$2.6M	56	37	25	118
<b>FY20-21 Q3</b>	<b>\$5.1M</b>	<b>59</b>	<b>41</b>	<b>18**</b>	<b>118</b>
<b>Q1 – Q3 Total</b>	<b>\$11.9M</b>				

\*The reasons for reporting zero gross receipts are varied. This number is a combination of both nursery and cultivation licenses. A few of these operators are new, submitted reports but did not have any gross receipts to report as of March 31. Others report gross receipts in cultivation but none in nursery or report in nursery but zero gross receipts in cultivation. Eighteen of the total 41 reported zero gross receipts across their entire operation, all license types. The balance (23) reported gross receipts in one or more of their operations, and zero gross receipts in at least one area of licensed operation.

\*\* Operators hold multiple licenses and this number does not represent unique operators that did not report. Staff reviewed the report further and found the following: one operator is no longer in business and their state license has since expired; four of these operators ceased operations due to the ban on cultivation in EDRNs; one operator reported for their cultivation license but did not report nursery operations; and five operators are missing reports associated with possible duplicate entries due to discrepancies in APN or address listings according to the state licensing report. Staff is coordinating with state licensing agencies to resolve these discrepancies.

As of the writing of this update, the CEO’s office is in process of following up with the seven tax report delinquencies that represent five unique operators since receipt of the Treasurer Tax-Collector’s third quarter report on May 25<sup>th</sup>. The CEO’s office will coordinate with the Treasurer-Tax Collector in taking appropriate action against those operators.

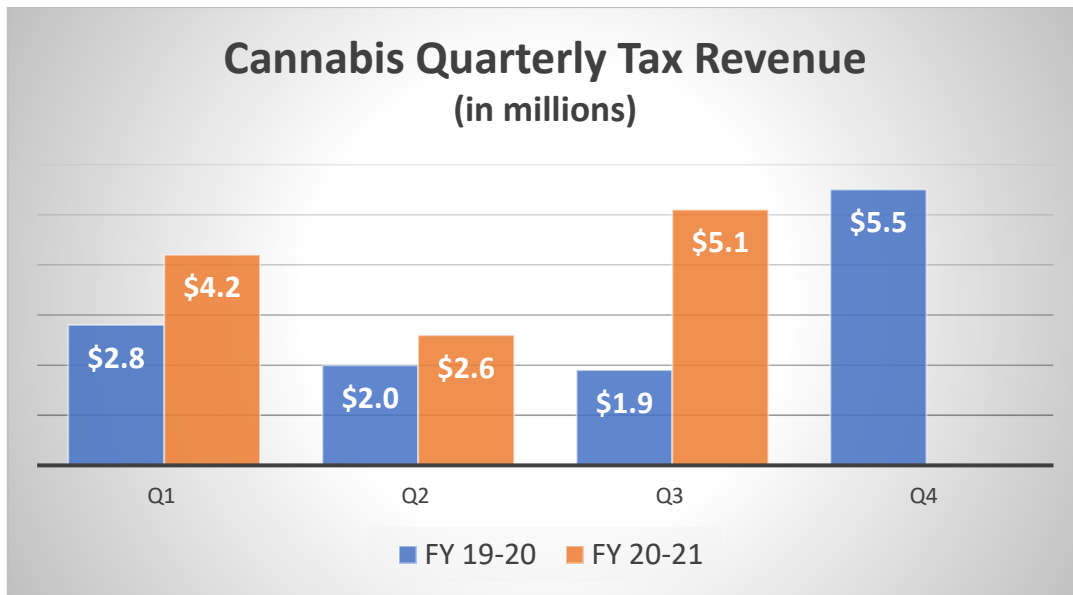


FIGURE 1. TAX REVENUE COMPARISON FY 19-20 TO 20-21 BY QUARTER

### CANNABIS COMPLIANCE: LAND USE ENTITLEMENT PERMITS

To-date, P&D received 176 projects. Of the 176 projects, 30 were withdrawn or closed through the course of review, such as several projects that were closed due to the Board’s July 2020 Ordinance Amendments, which excluded cannabis grows within Existing Developed Rural Neighborhoods. Of the remaining 146 projects, P&D has taken action on 54 projects, 26 projects received issued permits (several were appealed and have been resolved), one was denied and 15 are currently on appeal. The 54 actions taken reflect the initial decision-maker action and do not include *de novo* actions taken on appeal. The remaining 10 projects are awaiting issuance. A total of 39 appeal applications have been filed for 27 projects. Projects can be appealed after each decision-maker action or can be appealed by more than one aggrieved party. Of the 27 projects that were appealed, six projects have been resolved, six project appeals have been withdrawn and 15 are currently going through the appeal process.

Table 2 reflects the total number of projects, regardless of the number of individual permits. A project can have multiple permit types; however, they are processed together as one project. In addition, the table provides clarity regarding the locational distribution of the projects within the County, actions taken to-date, appeals filed, and projects still under review.

TABLE 2. CANNABIS-RELATED PROJECTS IN PROCESS WITH PLANNING & DEVELOPMENT

Q3 Numbers	
<b>New Projects Submitted in Q3</b>	
- Carp-Ag Overlay	0
- Other Coastal (Goleta Valley)	0
- Inland	<u>2</u>
<b>TOTAL</b>	<b>2</b>
<b>Projects Approved in Q3</b>	
- Currently on Appeal	7
- Pending Issuance	6
<b>TOTAL</b>	<b>13</b>
<b>Permits Issued in Q3</b>	<b>1</b>

<b>CUMULATIVE TOTALS</b>	
<b>Projects</b>	
- Carp-Ag Overlay	40
- Other Coastal (Goleta Valley)	2
- Inland	<u>134</u>
<b>TOTAL</b>	<b>176</b>
<b>Appeals**</b>	
Appeals Withdrawn	6
Appeals Resolved	6
Currently on Appeal	<u>15</u>
<b>TOTAL</b>	<b>27</b>
<b>Summary Of Actions</b>	
Projects Withdrawn/Closed (No Action)	<b>30</b>
Project Actions Taken	<b>54</b>
- Denied (Final Action)	1
- Issued (Final Action)*	26
- Pending Issuance**	12
- Currently on Appeal	15
Pending Action/Under Review	<u>92</u>
<b>TOTAL</b>	<b>176</b>

*\*Projects under the "issued" category have completed the land use entitlement process (including appeals) and the permit has been issued. No further action is needed.*

*\*\* Projects under the "pending issuance" category have completed the land use entitlement process but have outstanding items due prior to permit issuance or are still in appeal period.*

## ACREAGE CAPS

The table below summarizes the amount of acreage that has been applied for through the land use entitlement process and the amount of acreage that has been permitted to-date.

TABLE 3. ACREAGE CAP STATUS BY AREA

	<b>Acreage Cap</b>	<b>Submitted Permit Acreage*</b>	<b>Approved Permit Acreage*</b>	<b>Issued Permit Acreage</b>
Carpinteria Agricultural Overlay	186	221.61	72.10	27.09
Remaining Unincorporated Area	1,575	2,797.44	777.91	354.84

*\*Submitted permit acreage can fluctuate based on project redesigns or changes to proposed cultivation areas*

*\*\*Once a permit is approved the applicant may apply for a business license.*

TABLE 4. ELIGIBILITY LIST FOR ACREAGE CAP

	<b>Operator</b>	<b>Internal Code</b>	<b>Acreage Requested</b>	<b>Acreage Issued</b>	<b>Acreage left in cap</b>
<b>CARPINTERIA AGRICULTURAL OVERLAY DISTRICT</b>					<b>186</b>
1	Olivella, Inc	420012	0.03	0.03	185.97
2	G&K Produce/K&G Produce	420005/420006	8.17	8.17	177.80
3	Farmlane, Inc	420020	5.60	Pending	172.20
4	Ednigma, Inc	420050	3.80	Pending	168.40

	<b>Operator</b>	<b>Internal Code</b>	<b>Acreage Requested</b>	<b>Acreage Issued</b>	<b>Acreage left in cap</b>
<b>REMAINING UNINCORPORATED AREA</b>					<b>1,575</b>
1	Healy & Associates, LLC	420047	39.60	39.60	1,535.40
2	Cuyama Ventures, LLC	420009	0.23	0.23	1,535.17
3	Sierra Botanicals, LLC	420008	3.50	3.50	1,531.67
4	Chips 18, Inc	420014	60.00	60.00	1,471.67
5	HBF, LLC	420010	7.00	Pending	1,464.67
6	Busy Bee's Organics, Inc	420019	22.33	22.33	1,442.34
7	Central Coast Chronic, LLC	420015	15.85	Pending	1,426.49
8	Sunset Point Nursery	420032	7.10	7.10	1,419.39
9	EVO Gardens, LLC	420030	2.06	Pending	1,417.33
10	TSBC Ranch, LLC	420024	14.64	14.64	1,402.69
11	Fields, LLC	420038	49.00	49.00	1,353.69
12	Castlerock Family Farms II, LLC	420027	22.95	Pending	1,330.74
13	Santa Barbara Westcoast Farms, LLC	420048	50.12	50.12	1,280.62
14	San Antonio Ranch 101, LLC	420018	4.62	Pending	1,276.00
15	Santa Barbara's Finest, LLC	420057	8.69	Pending	1,267.31
16	Chips 18, Inc (modification)	420070	0.29	Pending	1,267.02
17	Central Coast Ag Farming, LLC(5645 Santa Rosa Rd)	420033	24.45	Pending	1,242.57
18	Central Coast Ag Farming, LLC(8701 Santa Rosa Rd)	420034	29.78	Pending	1,212.79

## CANNABIS COMPLIANCE: COUNTY BUSINESS LICENSING

TABLE 5. CANNABIS BUSINESS LICENSES ISSUED

	<b>Business Licenses Issued thru FY20-21 Q1</b>	<b>Business Licenses Issued thru FY20-21 Q2</b>	<b>Business Licenses Issued thru FY20-21 Q3</b>	<b>Business Licenses Pending thru FY20-21 Q3</b>	<b>Total Applications Rec'd thru FY20-21 Q3</b>
<b>Cultivator</b>	10	11	12	56	68
<b>Nursery</b>	7	8	9	30	39
<b>Manufacturer</b>	0	0	0	0	0
<b>Retail Non-Storefront</b>	1	1	1	2	3
<b>Distributor</b>	0	0	0	9	9
<b>Totals</b>	<b>18</b>	<b>20</b>	<b>22</b>	<b>97</b>	<b>119</b>

## CANNABIS COMPLIANCE: STATE PROVISIONAL AND ANNUAL LICENSES

The California Department of Food and Agriculture (CDFA) releases a weekly cannabis licensing report. As of the March 24<sup>th</sup>, 2021 report, there were 1,551 active, state-issued licenses in the County of which approximately 31% or 481 are annual licenses.

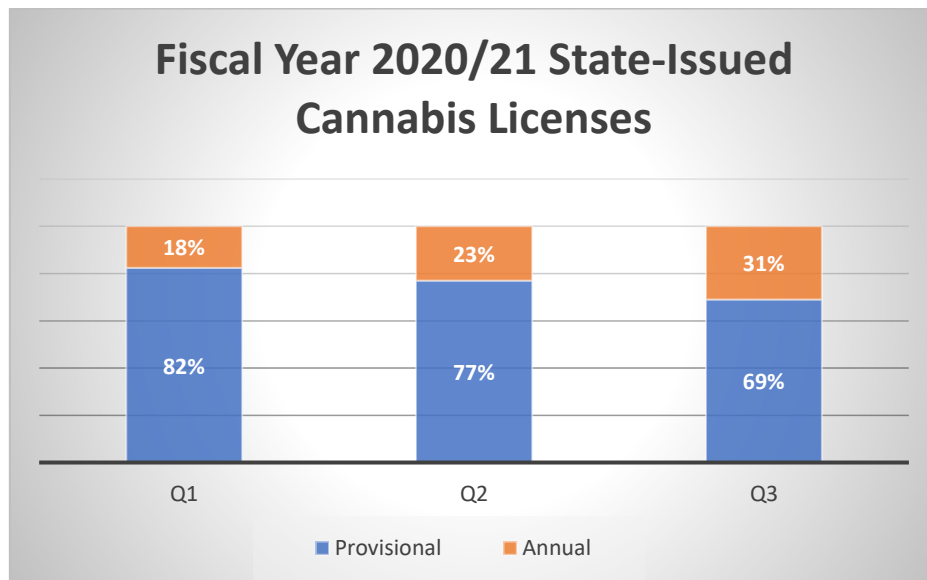


FIGURE 2. COMPARISON OF STATE LICENSE ISSUANCE

## CANNABIS ENFORCEMENT

TABLE 6. CANNABIS ENFORCEMENT ACTIVITIES

<b>Fiscal Year 2020 - 2021</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
<b># of Enforcement Actions</b>	5	6	4
<b># Live Plants Confiscated</b>	7,220	64	594
<b>Live Plant Value \$\$</b>	\$3.6M	\$32K	\$297K
<b>Dried Product Confiscated (lbs.)</b>	250	180	123
<b>Dried Product Value \$\$</b>	\$250K	\$315K	\$291K