

UPDATE ON CANNABIS

Compliance, Enforcement, & Taxation

FOURTH QUARTER – FY 2020-21

Board of Supervisors
September 14, 2021



County Executive Office

TODAY'S REPORT

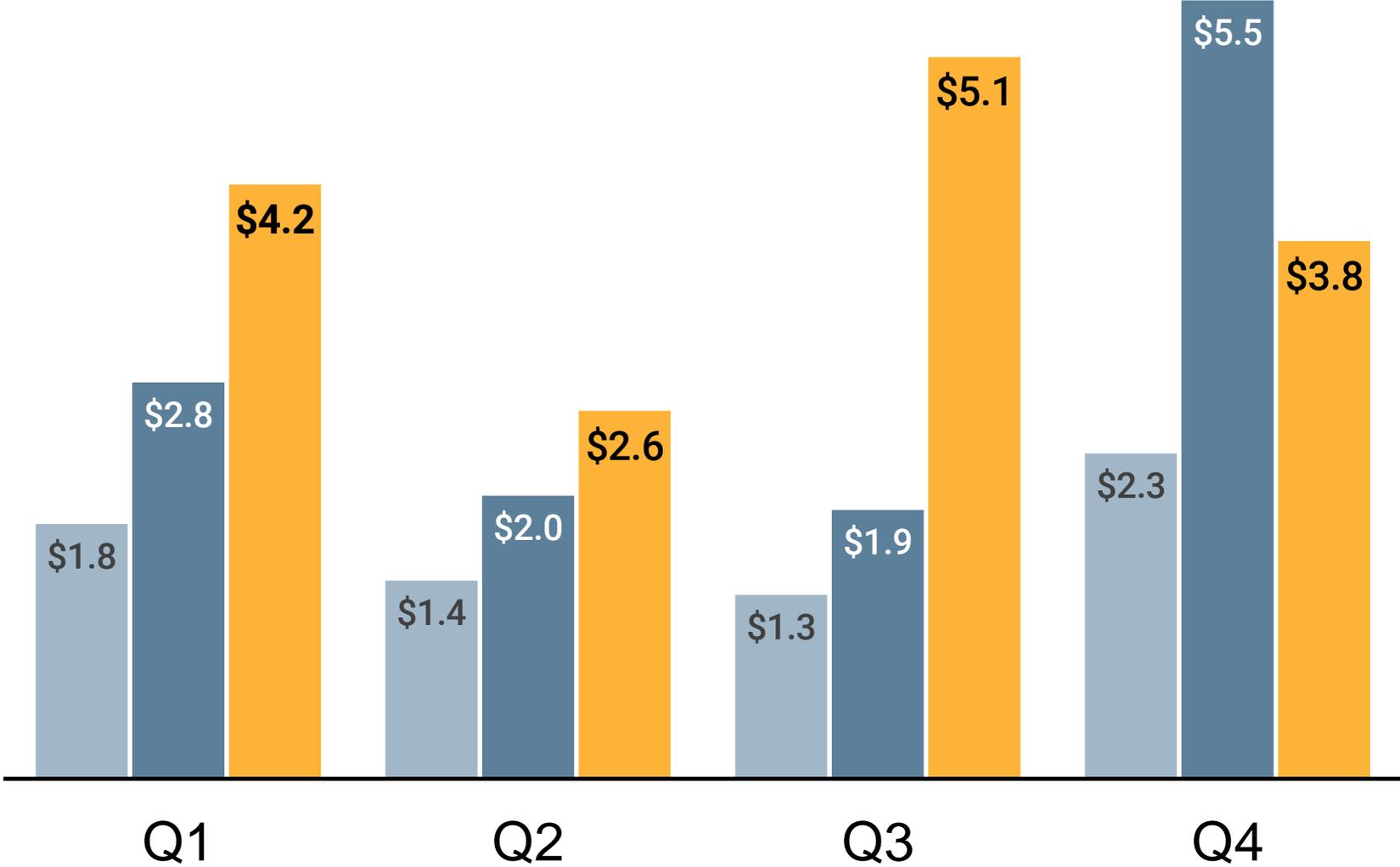
- Tax Revenues
- Land Use Planning Permits
- Business Licenses
- Retail Storefront Selection Process
- Emerging Issues
- Objectives for Upcoming Quarters

RECOMMENDED ACTIONS

- Receive an update on the status of cannabis tax collection, land use permitting, business licensing, and enforcement;
- Provide any other direction to staff regarding the County's cannabis program; and
- Determine pursuant to CEQA Guidelines Section 15378(b)(5) that the proposed actions are not a project under CEQA

Cannabis Tax Revenue by Quarter

Dollars in millions

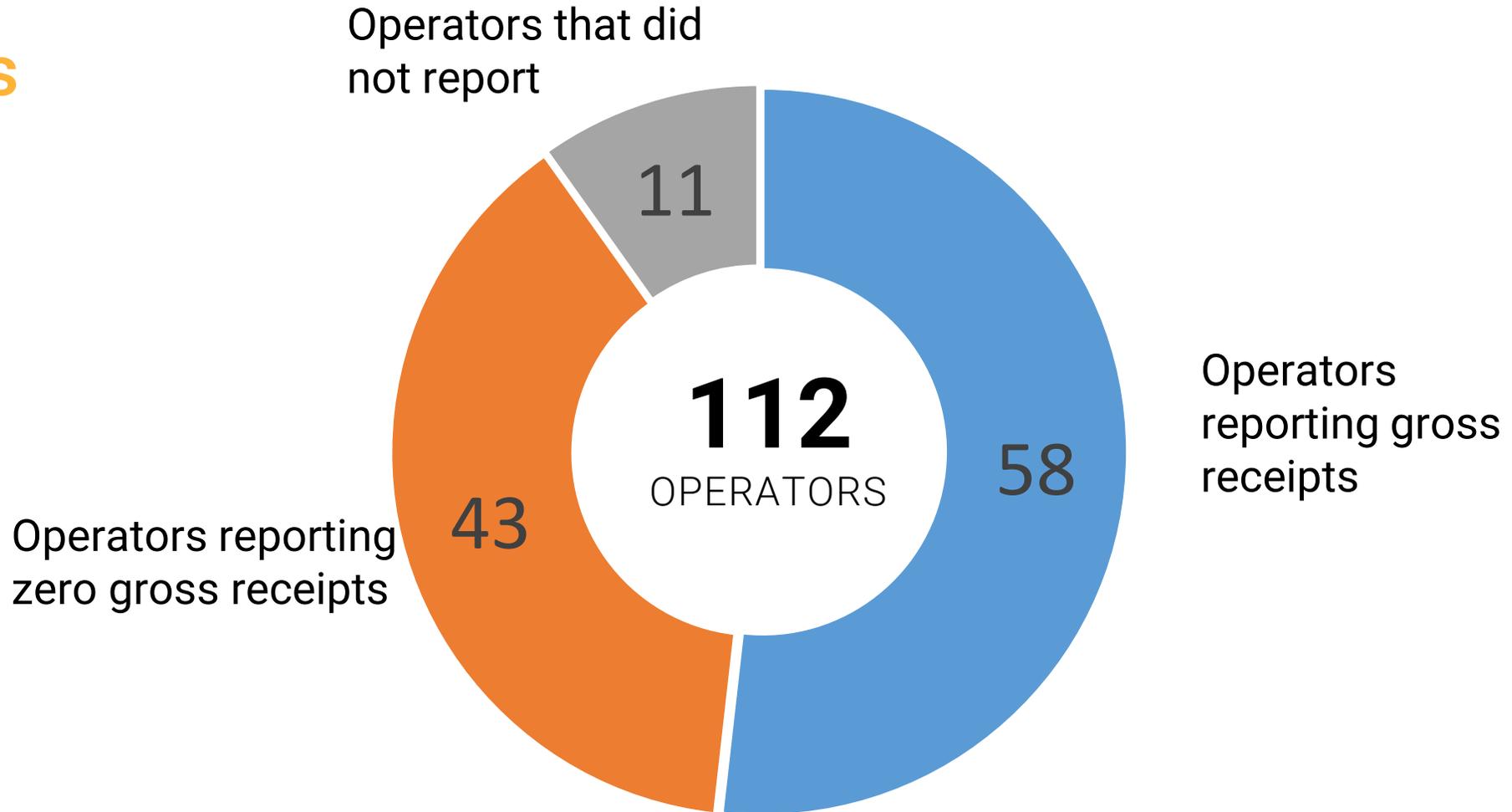


Cannabis Tax Revenue

- 4th quarter revenues are down from last fiscal year by 45%
- Wholesale prices are down likely attributed to overproduction; supply exceeding demand
- Staff will continue to monitor trends and use information available to inform 5-year revenue forecast

Cannabis Tax Receipts

FY 2020-21 Q4



Land Use Planning Projects by Status

	FY20-21 Q4 (New)
New Projects Submitted	5
Approved Projects Appealed	2
Approved Projects Pending Issuance	7
Project Permits Issued	8

Land Use Planning Projects by Status

	Total to Date
Projects Withdrawn/Closed (No Action)	30
Projects Denied (Final Action)	1
Project Permits Issued	34
Project Permits Pending Issuance	22
Projects Currently on Appeal	12
Projects Pending Action/Under Review	82
Total	181

Land Use Planning Permits by Status

In Acres

Cap	
Carpinteria Ag Overlay	186
Inland and Coastal Unincorp.	1,575

	Inland and Coastal Unincorp.	Carpinteria Ag Overlay
Permitted	502	46
In Pipeline	2,619	176
Total	3,121	222

Business Licenses By Status

	Total Thru Q4
Licenses Issued	24
Pending Licenses	
Cultivator	58
Nursery	29
Distributor	10
Retail Non-Storefront	2
Total	123

Retail Storefront Selection Process

- Completed Phase 3 for all 6 Community Plan Areas.
- Final Ranked Lists posted and highest ranked applicants notified.
- The top ranked applicants for Toro Canyon/Summerland, Eastern Goleta Valley, Isla Vista, Santa Ynez, and Los Alamos submitted an application to P&D. Orcutt applicant has until mid-November to submit.

Cannabis Revenue Process

Recommendations

- KPMG produced a report a brief report on the Cannabis revenue process
- Report included three recommendations
 1. Consider becoming a member of the California Cannabis Authority
 2. Build out an “Audit Division” in the Office of the Treasurer-Tax Collector
 3. Build out a “Compliance Task Force” led by the CEO’s office
- Recommendations are in process

Emerging Issues

- Processing a high volume of business license applications in coordination with P&D and the rest of the licensing team in an efficient, and timely manner.
- Enforcement of acreage cap limits, timeline for finalizing acreage issued, and ineligible legal non-conforming operators after cap is reached.
- Regular review of operators' compliance with County regulations to determine whether they should retain their County business license, if issued; or retain the County letter of authorization in support of State licenses.

Objectives for Upcoming Quarters

- Continue with Accela enhancements to facilitate transparency in the form of applicant reporting, application renewals, modification, and amendments as necessary.
- On-board 2 new positions to support business license application review, approval, and compliance.
- Propose Chapter 50 ordinance amendment(s) to address business license application renewals, modifications including changes in ownership, and acreage cap eligibility.
- Continue the tax audit process utilizing consultant HdL.

QUESTIONS

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