

Cannabis Taxation, Compliance, and Enforcement Report Second Quarter - Fiscal Year 2023-24

Board of Supervisors
March 12, 2024



County Executive Office

Context

- Quarterly updates provided to summarize:
 - Tax receipts and compliance
 - Land use permitting
 - Business license activity
 - Enforcement
- Seek any other board direction regarding the County's cannabis program

Tax Collection and Reporting

- Collected \$2.3 M in cannabis gross tax receipts; annual total to date \$2.8 M
- Ordinance requires operators with active State license(s) to file tax report
- Total number of operations required to report: 60
 - Number of operations that have not reported: 3
 - Number of operations reporting zero gross receipts: 13
 - Number of operators reporting and making payment: 44
- The operators that did not report are not currently in operation; they do hold active State licenses that will expire this year and their County business licenses will not be renewed

Land Use Permitting and Licensing

- Land use permitting continues, submitted permit acreage exceeds acreage cap
- Currently 3 cannabis projects are still on appeal
- Four cannabis land use entitlements were approved in Q2, including the Haven Retail Storefront in Los Alamos
- Retail in Eastern Goleta Valley, Toro Canyon/Summerland & Orcutt are all in various stages of the building permit process
- Sixty county business licenses are currently pending

Enforcement

- Sheriff's Office actively pursuing illegal activity
- Completed five enforcement actions in 2nd quarter
 - 303 lbs of dried product confiscated
 - \$304,500 estimated street value

Emerging Issues

- Consider development of fee schedule for code violations to allow the ability to issue citations to address compliance issues
- Implications of Senate Bill 833 and Department of Cannabis Control (DCC) allowance for cannabis operators to fallow ground and pause state licenses for reduced fees
- Potential changes to the local cannabis taxation method that will be considered by the Board on March 12, 2024
- Odor abatement plan implementation, successes and challenges

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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