



WHAT DO YOU KNOW ABOUT MEASURE A?

CANNABIS BUSINESS TAX MARCH 7, 2017 ELECTION

Q: WHO PAYS THE TAX?

A: The tax would be paid by medical and non-medical cannabis businesses that operate in the unincorporated areas of Sonoma County. The tax may apply to any operator in the supply chain (cultivators, nurseries, distributors, transporters, manufacturers, testing labs and dispensaries), but the County can choose which operator types to tax.

Q: WHAT WILL THE TAX PAY FOR?

A: The cannabis business tax is a general tax, which means there are no specified expenditures. Instead, the County has the flexibility to allocate and adjust funding among essential services in order to address the needs of the community, such as:

- Code Enforcement
- Public Safety
- Roads Repair and Improvements
- Health and Human Services
- Environmental Protection and Clean Up

Q: HOW MUCH IS THE TAX?

A: The maximum taxation rate for each operator is up to 10% of gross receipts, while the Board can adopt lower tax rates and choose to only tax certain operators. For cultivation, the Board also has the authority to tax based on the size of the cultivation area (square footage) allowed under the applicable permit. Adjustments to the assessed square footage tax can be made for smaller cultivation areas or crop loss. The Board of Supervisors has chosen to adopt much lower starting tax rates to incentivize compliance and offset startup costs.

Supply Chain Businesses Tax

Operator	Starting Rate	Maximum Rate
Manufacturers	5%	10%
Nurseries, Distributors, Transporters, Labs, Dispensaries	0%	10%

Cultivation Tax

The starting rates tax smaller cultivators at a lower amount per square foot than the larger operators.

Operator	Starting Rate (sq. ft.)	Maximum Rate (sq. ft.)
Outdoor Cultivators	\$0.50 – \$5	\$10
Indoor Cultivators	\$1.88 – \$18.75	\$38
Mixed-Light Cultivators	\$1.08 – \$10.80	\$22

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Q: WHAT ARE SONOMA COUNTY'S LAWS REGARDING CANNABIS BUSINESSES?

A: The County has been permitting dispensaries in the unincorporated areas for about 10 years. In December 2016, the Board of Supervisors passed a series of laws to permit and regulate nearly all medical cannabis businesses allowed under the State's Medical Cannabis Regulation and Safety Act. Permits will not become available until this Cannabis Business Tax passes or another funding source is secured. The County does not have any laws regarding nonmedical cannabis businesses and thus they are not currently allowed.

Q: WHAT PERCENTAGE OF THE VOTE IS NEEDED TO PASS THE MEASURE?

A: A simple majority of "Yes" votes.

Q: HOW MUCH WILL THE TAX GENERATE?

A: The size of the medical cannabis industry and rates of compliance are difficult to estimate. Based on government and industry surveys and a moderate rate of compliance, the County estimates that the starting rates will generate approximately \$6.3 million annually. All revenue will stay local.

Q: HOW MANY OTHER CITIES AND COUNTIES TAX CANNABIS BUSINESSES AND HOW DOES THIS TAX COMPARE?

A: Nearly 50 cities and counties throughout the State have voter-approved tax ordinances that vary by rate and structure. Measure A's tax rates are average when compared to other jurisdictions, as 10% on gross receipts of any operator in the supply chain is one of the more typical tax rates and structures. While maximum square footage rates for cultivation are on the higher end, the starting rates, especially for small businesses, are among the lowest.

Q: WHERE CAN I GET MORE INFORMATION ABOUT LOCAL CANNABIS LAWS?

A: <http://sonomacounty.ca.gov/CAO/Cannabis/>



**CANNABIS TAXES
ARE NECESSARY SO
ADDRESSING
INDUSTRY IMPACTS
DOES NOT TAKE
FUNDING FROM VITAL
COUNTY SERVICES**



**REVENUE CAN FUND
PRIORITIES SUCH AS
HEALTH EDUCATION,
PUBLIC SAFETY,
ROADS, AND
ENVIRONMENTAL
PROTECTION**