

# Continued commercial cannabis cultivation may hinge on voter support for tax

By **Anne Ternus-Bellamy** From page A1 | September 13, 2017

WOODLAND — The Yolo County Board of Supervisors chambers once again were filled to capacity — with an overflow crowd outside — on Tuesday for more discussion on commercial cultivation of medical cannabis.

But even as the board provided direction to staff on modifying the existing interim ordinance, crafting a permanent ordinance and placing a tax on cannabis cultivation on the June 2018 ballot, the future of the industry in Yolo County remains uncertain.

The board voted to have staff move forward with a tax plan, but one that contains what some called a poison pill: If voters do not pass a tax on cannabis cultivation in June, the entire interim ordinance, which currently allows a limited amount of commercial cultivation, would sunset, and the county would return to a complete prohibition on commercial cultivation.

At the same time, the board voted to have staff develop a competitive bidding process for pilot projects involving up to two medical cannabis nurseries and two drying/hand-trimming facilities to open in the county. Local growers have said there is a great need for both.

However, the need for such facilities — particularly drying facilities — would disappear should the county return to a prohibition on commercial cultivation. Meanwhile, any investment in such facilities would be lost.

Supervisor Jim Provenza of Davis, who crafted the motion directing staff as they move forward, said he believes a cannabis tax will pass, “but this is something we have to do.”

A tax, which would cover drug treatment and education as well as law-enforcement costs associated with dealing with illegal grows, “is the linchpin to all of this,” Provenza said.

“The idea is that the right to grow cannabis is dependent on having the revenue to deal with the consequences,” he said. “If the tax doesn’t pass, we go back to a prohibition.”

Agreeing with Provenza were Supervisors Oscar Villegas of West Sacramento and Duane Chamberlain of the rural 5th District.

“We’re all going into this eyes wide open, and (pilot projects) are part of that,” Villegas said.

Voting against Provenza's motion were Supervisors Don Saylor of Davis and Matt Rexroad of Woodland.

Staff will bring a tax measure back to the board later this year and the board will have to approve it — by a four-fifths vote — by February in order to place it on the June ballot.

Two dozen individuals spoke during public comment on Tuesday — all but a few in favor of the commercial medical cannabis industry.

But many took issue with some staff recommendations, including a prohibition on the transfer or sale of commercial cultivation permits.

Those permits are prized possessions — a moratorium on new permits was passed by the board a year ago, leaving fewer than 80 in the hands of growers who applied for them in time.

“There is concern about the licenses being sold for an enormous amount of money,” Assistant County Counsel Carrie Scarlata told the board.

Additionally, she said, the original permit-holders have been vetted thoroughly by the county while buyers would not be.

But a number of speakers, as well as Saylor, noted that the county could vet buyers as thoroughly as it did the original permit holder.

The board ultimately voted to have staff include the ban in the interim ordinance — on the same 3-2 vote — but Provenza noted it would not necessarily be included in a permanent ordinance.

Supervisors will vote on all modifications to the interim ordinance at their Oct. 24 meeting.

Provenza and Villegas, meanwhile, were appointed to an ad hoc subcommittee on cannabis taxation and the full board will take up the tax issue again in October.

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