

Supervisors shift momentum on Cannabis policy - again

HANS PETER-DAILY DEMOCRAT

POSTED: 12/15/17, 7:32 AM PST | UPDATED: 17 SECS AGO 0 COMMENTS

<http://www.dailydemocrat.com/article/NI/20171215/NEWS/171219926>

In another momentum shift, Yolo County will soon consider development agreements with cannabis growers, possibly uprooting the would-be tax measure developed earlier this year.

That tax measure included a “poison pill” clause stating that a failed vote would mean the complete ban of cannabis cultivation within the county. The tax measure proposed during Tuesday’s Board of Supervisors meeting focused on a general tax, which would require a majority vote from the public in June 2018 and a 4/5 vote in favor from supervisors.

Previous discussion about the general tax made it clear that two supervisors found the poison pill hard to swallow. Don Saylor and Matt Rexroad of districts 2 and 3 respectively, have opposed the tax for months, saying the industry should be able to grow naturally in early stages without financial burden beyond fees.

Conversely, District 1 Supervisor Oscar Villegas and District 4 Supervisor Jim Provenza have opted for taxes that would likely fund law enforcement of the crop, as well as other public outreach and education regarding cannabis.

The supervisors’ heading changed when District 1 Supervisor Duane Chamberlain — who oversees much of the county’s rural, cannabis-savvy areas — voted against the proposed tax measure on Tuesday.

The cannabis item came before supervisors like so many before: Yolo County Legislative and Governmental Affairs Specialist Alex Tengolics presented information on the potential tax plan, which suggested a 4 percent tax on cultivation gross receipts and 5 percent on commercial gross receipts. The plan made room for a tax rate between one and 15 percent, with opportunity for rate change in later years.

At this point, the public comment window opened, and a few local growers and advocates spoke. Some said they approved working within the tax structure, others wanted another look at the numbers. Most called for a stronger sense of direction for their involvement in the county and surrounding industry.

At this point, Saylor expressed his hesitance.

“In order to ensure that businesses can launch and meet the various regulatory requirements, the first years of tax rates should be set at a very affordable rate,” he said. “I’m not at that point yet; I think there’s still some conversation here.”

He went on to say that growers sought certainty, and the current plan had them holding their operations at a stand-still.

“It’s a gun to the head of every member of the board, the public, and the industry as well,” he said. “I think eliminating the poison pill is relevant here in this conversation.”

Saylor then urged county staff to find a way to implement development agreements so that even if voters popped the poison pill, some long-standing “good actor” growers would have an antidote.

Rexroad agreed with the idea, saying the whole conversation boiled down to whether or not the board could come up with four votes in favor of taxes — a tall order based on previous meetings.

Villegas and Provenza, perhaps surprised by the adjustment of the conversational climate, spoke up. The pair comprised the tax ad-hoc committee formed in recent months for the purpose of creating reasonable implementation.

“If you’re looking for certainty, go to a different county,” he said openly to the chamber. “If you’re looking for guarantees, go to another county. If you’re looking for all the things in a perfect world, it ain’t gonna happen here ... get past that today.”

Villegas added that in the search for the perfect solution, a good solution would be lost and no one would be happy with the end result.

Provenza seemed to think the conversation had veered off course from previous discussions, which he believed were already voted upon and sent to bed.

A development agreement would mean a cultivator could set up a long-term operation while agreeing upon a net gain for the surrounding community. Under this agreement, growers have some certainty and the county can collect funds without larger blanket policy or taxes covering other growers.

County Counsel Phil Pogledich warned that a development agreement without any other policy would act as a de facto tax that avoids a vote, given that people would have no other way to operate a cannabis operation. That said, he would need to look into how to make that process fair and legal.

“We can create a path for cultivators that are interested in a longer term operational right to enter into development agreements,” Pogledich said.

But Villegas said the move would be “a race to the bottom,” in which growers would strive for better and better deals that would fatigue the county’s rigidity.

Provenza said that picking up the idea now was counterproductive, as it would take a long time to cut deals with over 70 applicants, all of whom would need to undergo California Environmental Quality Act assessments. He said the agreements would take longer to cement than the tax measure and Land Use process set for 2019.

“It’s a huge task,” Pogledich said in response, “but that’s not to say we shouldn’t do it.”

With neighbors able to weigh in on each grow site, Villegas said little had changed.

“You want to talk about uncertainty, we just shifted all the uncertainty to the community ... not just the industry,” he said.

Finally, a motion was made to continue along the general tax plan as proposed by staff and the cannabis tax subcommittee.

After some confusion about votes, it was determined that the measure failed, with Chamberlain, Saylor and Rexroad opposed.

This left the room in a storm eye of awkward silence.

Chamberlain had apparently changed his usual vote.

“These guys need to plan also,” chamberlain said, referring to growers. “These taxes are a pain.”

Saylor made another motion calling for staff to come up with an additional route of action based solely upon development agreements. Pogledich said supervisors could still adopt the original tax plan — and poison pill — by the next meeting in January, should they disapprove of the branch into development agreement options.