

County supervisors voice support for cannabis tax

By **Anne Ternus-Bellamy**

WOODLAND — Yolo County supervisors appeared to reach some consensus Tuesday on the future of commercial cultivation of medicinal cannabis, including plans for a cannabis tax to be placed on the June ballot.

The board seemed to be at an impasse at its final meeting in December when only two supervisors were willing to move ahead with a tax.

Supervisors had previously inserted a poison pill in the county's interim ordinance on medical cannabis, requiring voters to pass a cannabis tax or the ordinance would sunset at the end of 2018.

But with only Supervisors Jim Provenza of Davis and Oscar Villegas of West Sacramento in support of a tax at the December meeting, the whole ordinance — as well as the fate of the county's 70 permitted growers — appeared to be in jeopardy.

That changed Tuesday during a workshop in Woodland where Supervisors Don Saylor of Davis and Duane Chamberlain of the rural 5th District expressed a willingness to move forward with a tax measure.

Four votes are required from the board to place the tax on the June ballot and Supervisor Matt Rexroad of Woodland repeatedly has said he would not vote for a tax.

Staff will return to the Jan. 23 Board of Supervisors meeting with ballot language for an initial 4-percent tax on gross receipts from all commercial cannabis activities, increasing to 5 percent in the second year and adjusting up or down by no more than 2 percent in subsequent years.

The initial rate discussed at the December meeting was higher, which drew some opposition from cultivators concerned about their ability to remain in business.

Revenue from the tax measure likely would fund research, early childhood prevention and intervention, drug education and treatment for children and adults, as well as law enforcement related to illegal cannabis grows.

During the workshop Tuesday, county supervisors also expressed support for three-pronged approach to cannabis cultivation.

In addition to the tax measure, the county would continue developing a land-use process for long-term siting of cannabis grows and also allow a fast-track development

agreement process for what staff called “capital-intensive” cultivation projects — primarily indoor and greenhouse operations.

Growers using the development agreement process would agree to the county’s conditions for operation in exchange for certainty that their businesses would remain operational. Development agreements shield operators from subsequent changes in policy, zoning and other regulations for the duration of the agreement — likely 10 years in the case of Yolo County cannabis cultivators.

In exchange, the county would receive revenue likely to exceed what is achieved through a tax measure, staff said, though cultivators would receive a credit for cannabis taxes paid in the future.

Because drawing up development agreements is time-intensive, staff recommended that they be limited for now to those operations requiring significant capital investment that are likely to be “no regrets” projects.

“Cultivation operations that will occur in greenhouses or indoors with technology sufficient to effectively minimize odor and lighting impacts are the most obvious category of projects meeting these criteria,” according to the staff report.

“The opportunity will appeal primarily to a limited universe of applicants with capital-intensive projects and sufficient funding for the cost of (California Environmental Quality Act) review, agreement negotiations, and other tasks associated with the processing and approval of a development agreement.”

However, during public comment, a number of growers urged the board to extend the development agreement option to all cultivators, noting that setting up commercial cannabis operations are capital-intensive for everyone, from the purchase of land and equipment to labor costs.

Meanwhile, left unresolved is whether regulations developed through the land-use process will include recreational cannabis as well as medicinal cannabis in the future.

Only medical cannabis cultivation is currently allowed in Yolo County and several supervisors seemed reluctant to make any changes Tuesday.

“Over time, we may have to address that,” Villegas said, “but maybe not today.”

The board will return to the matter on Tuesday, Jan. 23.

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