

# 2023-24 Cannabis Tax Rates

Board of Supervisors

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Woodland, CA



Tom Haynes,  
Assistant Chief Financial Officer

# Cannabis Tax Background

- Cannabis tax measure approved in 2018
- Authorized tax rate of 1% - 15% of gross receipts
- Initial rate of 4% for cultivation and 5% for all other businesses for first two fiscal years
  - Cultivation tax set to automatically increase to 5% on 7/1/2020 unless Board acted otherwise
- Tax rates can only be changed once every 12 months, and by no more than 2%

# Cannabis Tax Revenues

- General purpose revenue – may be spent on unrestricted purposes as Board direction
- Revenues have declined sharply over the past two fiscal years

<b>2018-19</b> <b>Actual</b>	<b>2019-20</b> <b>Actual</b>	<b>2020-21</b> <b>Actual</b>	<b>2021-22</b> <b>Actual</b>	<b>2022-23</b> <b>Projected</b>
\$ 782,998	\$ 2,207,126	\$ 2,073,167	\$ 889,571	\$ 400,000

# Expenditure Plan

- Ballot measure included advisory language for several potential uses
- Also created a Citizen's Advisory Committee to review tax revenue expenditures
- Since 2018, cannabis tax revenues has allowed substantial investments in variety of programs
- Expenditure plan for 2023-24 will be included as part of the Recommended Budget hearing on June 13<sup>th</sup>

# 2023-24 Cannabis Tax Rate

- Staff recommendation (Attachment A):
  - 4% for cultivation
  - 5% for all other cannabis businesses
- Alternative option (Attachment B):
  - 2% for cultivation
  - 5% for all other cannabis businesses

Questions?