



**CANNABIS PROGRAM**  
**MONTEREY COUNTY**

**Board of Supervisor**  
**Agenda Item No. ORD 22-036**  
**August 23, 2022**

# Overview of Options 1-4

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## **Option #1: Payment Plan without rate reduction on all remaining due cannabis cultivation tax for FY 21-22, no penalties and interest**

**Payment Due August 31, 2022**

25% down payment is: \$1,946,112

Estimated monthly payments: \$583,000

Total Fiscal Year Estimated Collection in this option: \$14,646,883.66

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## **Option #2: Retroactively reduce cultivation rates to \$3/\$2/\$1 to Q1 FY 21-22, no penalties or interest**

**Payment Due 7/31/22 or 10/31/22**

Refunds to operators who timely paid: \$1,219,060.48

Total Fiscal Year Estimated Collection in this option \$8,008,362.22

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## **Option #3: Retroactively reduce cultivation rates to \$3/\$2/\$1 to Q2 FY 21-22 (existing amnesty period), no penalties or interest**

**Payment due 7/31/22 or 10/31/22**

Refunds to operators who timely paid: \$384,229.73

Total Fiscal Year Estimated Collection in this option \$10,464,602.48

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## **Option #4: Waive FY 21-22 Q2, Q3 and Q4 cultivation taxes**

Refunds to operators who timely paid: \$1,680,967.95

Total Fiscal Year Estimated Collection in this option: \$5,625,964.07

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## **Additional Consideration: Waive Cultivation Tax for FY 22-23**

Reduces cultivation rates for all operators to \$0

Significant impacts to FY 22-23 budget. \$7.5 million would not be available to fund operations previously approved in the adopted budget.

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## Proposed Amendments to Chapter 7.100

**On July 26, 2022, the Board intended to adopt an ordinance to:**

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**Retroactively reduce cultivation rates to \$3/\$2/\$1 to Q1 FY 22-23**

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- Staff mistakenly used incorrect version of ordinance.

**Also on July 26, 2022, the Board approved the following:**

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**Option #3: Retroactively reduce cultivation rates to \$3/\$2/\$1 to Q2 FY 21-22**

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Refunds to operators who timely paid: \$384,229.73

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Total Fiscal Year Estimated Collection in this option \$10,464,602.48

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- Extend conditional waiver of penalties and interest to January 31, 2023
- Assurance that staff will not be directed to shutdown businesses who:
  - Are delinquent in Q2, Q3, or Q4 of FY 21-22.

## Proposed Amendments to Chapter 7.100

**Staff have consolidated these matters into a single ordinance that would:**

**Retroactively reduce cultivation rates to \$3/\$2/\$1 to Q2 FY 21-22, including FY 22-23.**

Refunds to operators who timely paid: \$384,229.73.

Total Fiscal Year Estimated Collection in this option \$10,464,602.48..

**Authorize Board to waive or conditionally waive penalties and interest by resolution**

**Extend previous conditional waiver to January 31, 2023 and add Q4 of FY 21-22**

- Cannabis business tax revenue estimates:
  - \$10.5m in FY 21-22
  - \$7.5m in FY 22-23



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**Questions**