

*Before the Board of Supervisors  
County of Monterey, State of California*

**Resolution No. 23-172**

A Resolution of the Monterey County Board of Supervisors to:

Authorize the Treasurer-Tax Collector to extend the previously authorized conditional waiver of penalties and resume interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for the second through fourth quarters of Fiscal Year 2021-22, so long as the full amount due is received by the Treasurer-Tax Collector on or before March 31, 2026.

Authorize the Treasurer-Tax Collector to extend the previously authorized conditional waiver of penalties and interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for all quarters of Fiscal Year 2022-2023, so long as the full amount due is received by the Treasurer-Tax Collector on or before December 15, 2023.

**WHEREAS**, on September 13, 2022, the Board of Supervisors of the County of Monterey (the Board) adopted Ordinance No. 5384, which, among other things, authorized the Board to, by resolution, waive or conditionally waive penalties and interest on delinquent commercial cannabis business taxes; and

**WHEREAS**, due to an economic downturn and other factors, many cannabis operators are struggling to timely pay existing delinquent taxes for Fiscal Year (FY) 2021-2022, quarters two, three, and four and for FY 2022-23, quarters one through four; and

**WHEREAS**, Ordinance No. 5384 also extended the Board's previously granted conditional waiver of penalties and interests for unpaid commercial cannabis taxes for the third and fourth quarters of FY 21-22 from July 1, 2022, to January 31, 2023 while extending the conditional waiver to include commercial cannabis taxes owing from the second quarter of FY 21-22; and

**WHEREAS**, the deadline to pay the first quarterly installment for commercial cannabis taxes for FY 22-23 was October 31, 2022; and

**WHEREAS**, the Board was concerned that this deadline would further hinder the local cannabis' industry's ability to recover from the economic downturn and was further concerned that accumulating taxes from multiple quarters would make it increasingly difficult for local cannabis

businesses' to come current on owed taxes and profitably continue operations, the Board directed staff to implement a formal payment plan that will allow operators to make payments through September 2023 for unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for the second through fourth quarters of Fiscal Year 2021-22 and for all quarters of Fiscal Year 2022-2023.

**WHEREAS**, Ordinance No. 5396 amended Chapter 7.100 of the Monterey County Code to lower commercial cannabis business tax rates for cultivation activities retroactive to January 1, 2023. The ordinance established the following tax rates: for indoor cultivation, the tax rate is \$2.13 per fiscal year per square foot of authorized canopy; for mixed light cultivation, the tax rate is \$1.46 per fiscal year per square foot of authorized canopy; for outdoor cultivation, the tax rate is \$0.71 per fiscal year per square foot of authorized canopy; and for nursery cultivation, the tax rate is \$0.71 per fiscal year per square foot of authorized canopy.

**WHEREAS**, the Board received an update on the implementation of payment plans for the second through fourth quarters of Fiscal Year 2021-22 and expressed concern for the ability of the industry to timely pay monthly installments of payment plans from the prior Fiscal Year(s) in addition to the upcoming quarterly installments of Fiscal Year 2023-24.

**WHEREAS**, to ensure the payment plan program is a meaningful opportunity for the local cannabis industry to come current on outstanding taxes and continue operations while making up to three concurrent and recurring payments, the Board directed staff to implement payment plans for all quarters of Fiscal Year 2022-23 with a similar repayment timeline and to extend the conditional waiver of penalties to March 31, 2026 as this will provide operators with a payment plan for the second through fourth quarters of Fiscal Year 2021-22 an option to extend payments for an additional three years while paying interest on the unpaid balance.

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Supervisors of the County of Monterey does hereby adopt a resolution to:

- I. Authorize the Treasurer-Tax Collector to extend the previously authorized conditional waiver of penalties and resume interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for the second through fourth quarters of Fiscal Year 2021-22, so long as the full amount due is received by the Treasurer-Tax Collector on or before March 31, 2026.
- II. Authorize the Treasurer-Tax Collector to extend the previously authorized conditional waiver of penalties and interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for all quarters of Fiscal Year 2022-2023, so long as the full amount due is received by the Treasurer-Tax Collector on or before December 15, 2023.

**PASSED AND ADOPTED** on this 2<sup>nd</sup> day of May 2023, by roll call vote:

AYES: Supervisors Alejo, Church, Lopez, Askew, and Adams

NOES: None

ABSENT: None

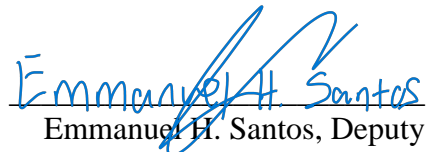
I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting on May 2, 2023.

Dated: May 11, 2023

File ID: 23-335

Agenda Item No. 11

Valerie Ralph, Clerk of the Board of Supervisors  
County of Monterey, State of California

  
Emmanuel H. Santos, Deputy