



Monterey County

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Board Report

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Version: 1

Matter Type: Budget Committee

Receive a Cannabis Program Status Report with a Budget Appropriation Request.

RECOMMENDATION:

It is recommended that the Budget Committee:

1. Support an increase to appropriations in the amount \$18,500 for the CAO Budget Unit 001-1050-8054-CAO004;
2. Support the CAO Finance Administration to transfer \$18,500 from the Cannabis Assignment Fund in the amount of \$18,500 to CAO Budget Unit 001-1050-8054-CAO004 for the HdL invoice regarding the cannabis tax rate; and
3. Support the Auditor-Controller to increase appropriations in the amount of \$18,500 in the FY 2018-19 Adopted Budget for cannabis program consulting work.
4. Provide direction to staff as appropriate.

SUMMARY/DISCUSSION:

In May 2016, the Resource Management Agency (RMA) entered into an agreement with Hinderliter, de Llamas & Associates (HdL) to provide subject matter expertise and technical support to the County throughout the process of developing medical marijuana regulations, associated fees, and a potential tax ballot measure. The initial term of the agreement was amended to June 30, 2018 to allow for additional tax analysis of comparable cannabis tax rates throughout California and development of a recommended revised fee structure. (Attachment A - HdL Agreement)

HdL Companies prepared a revised fiscal analysis and recommended potential changes to the commercial cannabis tax rates. David McPherson of HdL Companies presented this analysis to the Board of Supervisors Cannabis Committee at an April 6, 2018 Special Meeting.

Staff seeks a transfer of \$18,500 from the Cannabis Assignment Fund to pay for the consulting work related to the tax analysis that resulted in the approval of revised cannabis tax rates in July 2018.

(Attachment B - HdL Invoices)

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel, County Administrative Office, Resource Management Agency, and Treasurer-Tax Collector's Office worked with the consultant in the development of the medical marijuana regulations, associated fees, and Measure Y.

FINANCING:

Transfer \$18,500 from the Cannabis Assignment Fund to the CAO-Intergovernmental & Legislative Affairs Budget Unit 001-1050-8054-CAO004.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Cannabis Program affects all the Board of Supervisor Strategic Plan Policy Areas towards the goal of creating a legal and responsible industry.

Related Board of Supervisors Strategic Initiatives include:

- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

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Nicholas E. Chiulos, Assistant County Administrative Officer

Date

Attachments:

Attachment A: Hinderliter, de Llamas & Associates Agreement and Amendment #1

Attachment B: Hinderliter, de Llamas & Associates Invoices dated July 7, 2017 and December 4, 2018