

was made clear that public input was sought and also that the ultimate decision regarding use of cannabis tax revenue is the purview of the Board of Supervisors.

On April 17, 2018, CAO-IGLA presented a report to the Board of Supervisors on the results of the community engagement process. Overall, education, health and safety were viewed as priorities by the community at large. Specifically, the “education” preference was more clearly defined as “early childhood education and pre-school programs”. The health preference was defined as “providing quality healthcare, including mental health care, for County residents”. In both a health and a safety context, homeless services and violence prevention/reduction were identified as priorities as well.

On April 17, 2018, the Board of Supervisors received the staff report on the results of the community engagement process and heard from numerous speakers. At the conclusion of the discussion, the Board accepted the report and commented on the difficult process ahead for the FY 2018-19 County budget and indicated that it would consider the community engagement input as it deliberated on budget decisions which would be made in June 2018. The Board reserved its prerogative to make decisions on use of Cannabis tax revenue to address overall County budget needs in the FY18-19 budget process.

Attached to this staff report are several tables. Table 1 shows the status of the cannabis assignment fund from the beginning of cannabis tax collection in FY16-17 to the present. As the committee is aware, the Board approved a significant reduction in the cannabis tax rate in early 2018. This was done at the request of the cannabis industry and approved by the Board in an effort to support and facilitate the development of this new, important local industry. It should be noted that the FY18-19 estimated cannabis revenue shown on Table 1, \$4,259,000, is a very conservative number. Actual 1st quarter billing for FY18-19 is approximately \$3.2m.

Table 2 shows cannabis tax revenue expenditures over time beginning in FY16-17. In general, a significant portion of cannabis tax revenue has been allocated by the Board to fund the day to day operations of this complex, rapidly evolving new industry. In addition, in FY18-19 The Board has exercised its discretion to allocate cannabis tax revenue through budget decisions to provide one time funding for a variety of programs, many of which conform to general priorities identified in the community engagement process such as the Children’s Emergency Response Team, Adult Protective Services, the Winter Warming Shelter, Whole Person Care, and the County Library book budget. The Board also used its discretion to direct cannabis tax revenue to the General Fund contingency for FY18-19, thus freeing up other funds to be used to fill budget gaps to protect critical County safety and health services and to avert staff layoffs. The Board, in its discretion, also used cannabis tax revenue to assist with costs associated with the Interlake Tunnel project.

In addition to regular, monthly meetings of the Budget Committee, the public will have the opportunity to engage the Board regarding the FY19-20 County budget as follows:

- April 19, 2019 Board of Supervisors Budget Workshop

- June 3 and 4, 2019 Board of Supervisors Budget hearings

- June 25, 2019 Board of Supervisors Final Budget adoption

At the December 19, 2018 Budge Committee meeting, staff will present a brief PowerPoint presentation for the benefit of the Committee, staff and members of the public.

OTHER AGENCY INVOLVEMENT:

This report was prepared with input from the CAO cannabis program, community engagement and budget staff.

FINANCING:

There is no impact to the General Fund through acceptance of this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

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

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Date

Attachments:

Table 1

Table 2

Cannabis Tax Revenue Allocations