



Legislation Details (With Board Report)

File #: RES 20-086 **Name:** 06 09 2020_BC_CCA Augmentation Request
Type: BoS Resolution **Status:** Passed - County Administrative Office
File created: 6/1/2020 **In control:** Board of Supervisors
On agenda: 6/9/2020 **Final action:** 6/9/2020

Title: Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget by increasing appropriations by \$50,000 in the County Administrative Office budget unit Contributions-Other Agencies (001-1050-CAO007) financed by release from Cannabis Tax assignment (BSA 001-3132) of \$50,000 to pay for FY 2019-20 California Cannabis Authority administration fees (4/5th vote required).

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Attachment A Resolution, 3. Attachment B FY 19-20 Quarterly CCA Invoices, 4. Item No. 48 Completed Board Order and Resolution.docx

Date	Ver.	Action By	Action	Result
6/9/2020	1	Board of Supervisors		

Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget by increasing appropriations by \$50,000 in the County Administrative Office budget unit Contributions-Other Agencies (001-1050-CAO007) financed by release from Cannabis Tax assignment (BSA 001-3132) of \$50,000 to pay for FY 2019-20 California Cannabis Authority administration fees (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget by increasing appropriations by \$50,000 in the County Administrative Office budget unit Contributions-Other Agencies (001-1050-CAO007) financed by release from Cannabis Tax assignment (BSA 001-3132) of \$50,000 to pay for FY 2019-20 California Cannabis Authority administration fees (4/5th vote required); and
- b. Provide direction to staff as appropriate.

SUMMARY/DISCUSSION:

Staff presented this report to the Board of Supervisors Cannabis Committee on April 1, 2020. The Committee directed staff to request support from the Budget Committee. Staff presented this report to the Budget Committee on May 28, 2020 and was approved.

The California Cannabis Authority (CCA) is a Joint Powers Authority created by contract between Monterey County and other local jurisdictions with cannabis regulatory and/or taxing authority. The purpose of the organization is to develop and manage a statewide data platform that will gather, collect and analyze information from a variety of data sources into one resource. The database will further assist local governments cannabis regulatory compliance. It will also provide necessary information to financial institutions that wish to work with the cannabis industry. The Board of Supervisors executed the Joint Exercise of Powers Agreement on behalf of Monterey County on January 30, 2018.

The CCA is funded by an administrative fee that is calculated for each entity and dependent upon total sales within the jurisdiction. Beginning in Q3 of Fiscal Year (FY) 2019-20, the administrative fee rate was increased from 0.15% to 0.25%. Amendments adopted to Chapter 7.90 of the Monterey County Code in October 2019 require operators to connect with the CCA platform.

Presently, approximately 40% of the businesses have connected. The Program and CCA continue to work with the remaining businesses to ensure they connect to the platform. Letters of non-compliance have begun to be sent out during the week of February 24, 2020 to all business that are not in compliance.

Invoices for the first three quarters of FY 2019-20 have been received and processed as follows:

- FY 2019-20 Q1: \$18,667 based on \$12,444,351 reported sales at 0.15%
- FY 2019-20 Q2: \$17,592 based on \$11,728,302 reported sales at 0.15%
- FY 2019-20 Q3: \$22,495 based on \$8,998,172 reported sales at 0.25%

Due to uncertainty related to impacts of the COVID-19 pandemic, staff assumptions reflect an average of transacted amounts from invoices of first three quarters of FY 2019-20 and for compliance to remain at 40%:

- FY 2019-20 Q4: \$27,642 based on \$11,056,941 reported sales at 0.25%

For FY 2019-20, \$50,000 was allocated to the County Administrative Office budget unit Contributions-Agencies for the payment of CCA administrative fees. With a revised estimated cost of CCA Administration fees for FY 2019-20 of \$86,397, there will be a \$36,397 deficit relative to the adopted budget. To pay FY 2019-20 CCA administrative fees, appropriations of \$50,000 are being requested.

OTHER AGENCY INVOLVEMENT:

The Treasurer-Tax Collector Office is the lead department for the California Cannabis Authority and collaborated on the writing of this report. This report went to the Budget Committee and was supported.

FINANCING:

The total allocation for California Cannabis Authority administrative fees were estimated at \$50,000 in the FY 2019-20 Adopted Budget. The total revised estimated cost of CCA Administration fees for FY 2019-20 is \$86,397, assuming an average of transacted amounts from invoices of first three quarters of FY 2019-20 and for compliance to remain at 40%. In order to fully cover the administrative fees for FY 2019-20, an augmentation request of \$50,000 is requested from the Cannabis Assignment.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County Cannabis Program addresses each of the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County cannabis industry.

Mark a check to the related Board of Supervisors Strategic Initiatives

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

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Approved by: Nicholas E. Chiulos, Assistant County Administrative Officer

Attachment:

- A. Resolution
- B. FY 2019-20 Quarterly CCA Invoices