



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 19-0152, **Version:** 1

- a. Approve an increase to appropriations in the amount \$18,500 for the CAO Budget Unit 001-1050-8054-CAO004 for the HdL & Associates invoice regarding the cannabis tax rate funded by the Cannabis Assignment, 001-3132 (4/5 vote required);
- b. Authorize the Auditor-Controller to incorporate approved modification in the FY 2018-19 Adopted Budget.

RECOMMENDATIONS:

1. Approve an increase to appropriations in the amount \$18,500 for the CAO Budget Unit 001-1050-8054-CAO004 for the HdL & Associates invoice regarding the cannabis tax rate funded by the Cannabis Assignment, 001-3132 (4/5 vote required);
2. Authorize the Auditor-Controller to incorporate approved modification in the FY 2018-19 Adopted Budget; and
3. 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 & Associates prepared a revised fiscal analysis and recommended potential changes to the commercial cannabis tax rates. David McPherson of HdL & Associates presented this analysis to the Board of Supervisors Cannabis Committee at an April 6, 2018 Special Meeting. Staff presented the report to the Budget Committee on February 4, 2019 and was directed to gain approval from the Board of Supervisors.

Staff seeks a transfer of \$18,500 from the Cannabis Assignment Fund to pay HdL 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

Nicholas E. Chiulos, Assistant County Administrative Officer

Date

Attachments are on file with the Clerk of the Board

Prepared by: Joann Iwamoto, Cannabis Program Manager, (831) 796-3017

Approved by: Nicholas E. Chiulos, Assistant CAO

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

Attachment C: Resolution for HdL & Associates Invoice