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PRESS RELEASE

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Rio Dell City Council Reforms Cannabis Regulations and Taxation

On Tuesday, March 19, 2019 the Rio Dell City Council gave final consideration and approval to a series of legislative items aimed at bolstering the cannabis industry in the city. The reforms will impact municipal ordinances related to the reformation of the City's taxation system, expansion of allowable land uses related to cannabis and the institution of Rio Dell's first cannabis equity program.

"This package of cannabis reforms will lead to even more industry investment into the community, helping to revitalize the downtown, stabilize tax rates and provide tools to those interested in getting into the legal cannabis industry and doing it the right way." Stated Rio Dell Mayor Debra Garnes.

Specifically the cannabis reform package includes:

1. Streamlining and reducing the City's taxation system, locking in the tax rate at \$2.00 per square feet for cultivation and 2 percent of gross receipts for all other activities. City Finance Director Brooke Kerrigan stated "In the past the tax rates could be as high as \$5.00 per square foot or 10% of gross receipts. With this new legislation the Council has committed to eliminating industry concern about over-taxation." Kerrigan concluded by saying that "there may be concern with other jurisdictions that they need to institute or raise cannabis taxes due to dramatically increasing pension costs, but that is of no concern in Rio Dell. We have no unfunded pension liability and therefore no need to raise the taxes beyond what we're calling the 'Two or Two' tax program."
2. Land use reforms that will allow up to three retail dispensaries in the Town Center Zone. Retail outlets will need to compete through an RFP process. "Not just anyone can get in." Stated Community Development Director Kevin Caldwell. "The process will be vigorous and the expectation of the City Council is that Rio Dell will have quality facilities. Developers with no business acumen need not apply." Caldwell concluded. The reforms will also allow distribution and testing laboratories in the Town Center Zone while cultivation will be allowed on the Dinsmore Plateau, a remote area of incorporated Rio Dell located to the west of the city center.
3. Institution of the Rio Dell Cannabis Local Equity Program (RDCLEP) using state grant funds, if awarded. The program aims to provide grant dollars and assistance to those negatively impacted by the legal

status of cannabis prior to 2015. Potentially over \$100,000 could be awarded to the City that can be used as a tool to “spur further business development especially for the disadvantaged.” Stated City Manager Kyle Knopp. “Anyone interested in applying to the City for these funds should call City Hall as soon as possible to get on the registry. Please call (707)764-3532.”

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