

For Immediate Release:

Humboldt County Cannabis Chamber of Commerce Opposes Hasty Tax Measure

On August 9th the Humboldt County Board of Supervisors is set to take the final step to bring a tax measure targeting cannabis cultivators to the ballot in November. This measure has been hotly debated and has undergone substantive changes at every meeting at which it was addressed. In its final form it imposes a flat tax based on canopy space, with a multiplier based on lighting type. As it's written, this tax fails to address the stated goals of the Supervisors and endangers the long term health of an industry that comprises 60% of our local economy. Humboldt County's Cannabis Chamber of Commerce opposes this measure.

Humboldt County's goals for the cannabis industry have evolved in the last few years as farmers have come forward to engage the county to set a path for compliance. The entire state looks to us for wise, enlightened policy that addresses our concerns. We finally have the opportunity to address the environmental impacts, labor issues, and community divisions that have arisen during Prohibition as a result of our unregulated cannabis industry. The Supervisors have repeatedly voiced a desire to protect small and cottage farmers as they navigate these new laws. A wise tax policy could ensure Humboldt's sustainability for the rest of the century. The measure being put forward not only fails to provide economic sustainability, but will actively decrease our resources to administer it. This will set a terrible example to the rest of California's counties as they consider their own tax policies. MMRSA clearly states that cannabis cultivation is an agricultural activity, and should be taxed as such.

This tax was created using polling data compiled from our population centers, not our agricultural areas. The economic data presented was geared toward indoor warehouses in the desert, and ignores the Board of Equalizations' excise tax model under the Tax Guide for the Agricultural Industry based on actual volume of product produced and sold, rather than cultivation area, due to unforeseen yields, hardships and successes. While it was being considered, every meeting led to substantive changes with very little time for public input. As the process finalized, those who spoke were told by Supervisor Lovelace that they should have participated earlier. This is a slap in the face to Humboldt's citizens, to have their public comments dismissed as too late during a process that was rushed to completion. Humboldt's media outlets were not informed about the details of the rapid-fire changes to this tax, and at no point was there an attempt to reach out to the local organizations that have been driving compliance from the farmers' side for input.

The timing of this measure impacts small farmers much more deeply than large, factory style farms. In the next 18 months, small and large farmers are burdened with the same fees, farm upgrades, and new operating expenses. Small cannabis farmers are currently less able to absorb these costs without the agricultural infrastructure afforded other small farms in Humboldt. One time costs can be amortized eventually and turned into (non-tax deductible) assets, but long term fixed costs based solely on canopy space leave our cottage farmers with limited

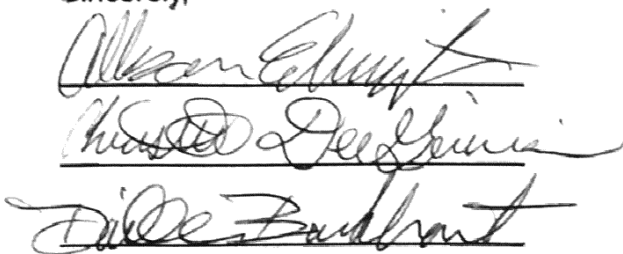
options: scale up, sell out, or stay black market. This goes directly against the county's goals for the future of Humboldt's cannabis industry, goals lauded by the county, the farmers, and the public.

This measure does not fund social services as promised. Our supervisors listed many noble community programs that our cannabis farmers are eager to improve. In order to more easily pass the tax, though, those promises were not included in the law. Instead all excise tax collected through this program goes directly to the General Fund and can then be spent on any debt, previous voter mandated expense (like measure Z), or county agency. Many of the farmers who quietly supported the measure through its creation were surprised to discover these promises were never written into the measure. These were among the public comments dismissed by Supervisor Lovelace as too late in the process to be considered.

This measure does not curb non-compliant farms; it punishes compliant ones. This tax measure can only affect those farms who can afford to speed through their compliance applications in the next 6 months. Many cottage farmers are finding they will soon need expensive professional assistance in this process, and are having to work through it as farmers do: one harvest at a time. Adding a flat tax before they even have the opportunity to apply for a state license will decrease the rate of farms that can come into compliance and the rate at which they can do so. This slows the pace of addressing environmental impacts, and decreases the tax base that can pay into enforcing trespass, tribal, and public land operations.

If the county's goals were to stem the environmental impacts of non-compliant farms, create a sustainable funding source for community projects, and protect a decentralized, local craft agricultural industry then this tax measure misses the mark. Cannabis industry professionals are eager to help meet these goals, and are asking for a more well researched measure based on the Board of Equalizations' excise tax model under the Tax Guide for the Agricultural Industry. A tax that is so inflexible that it can't be increased outside of a ballot year to maintain or upgrade our county's services and agricultural infrastructure does not meet these goals. For these reasons, we must stand in respectful opposition to the measure as it has been proposed.

Sincerely,

Three handwritten signatures are stacked vertically. The top signature is in cursive and appears to read 'Allison Edwards'. The middle signature is also in cursive and appears to read 'Christine DeGruin'. The bottom signature is in cursive and appears to read 'Dale Bradant'.

Humboldt County Cannabis Chamber Board of Directors