

ATTACHMENT C – Board of Supervisors Report – October 2, 2018

UPDATE ON STATE AND LOCAL CANNABIS REGULATIONS:

Staff continues to follow the cannabis regulatory environment and below is a brief summary of current state and local jurisdictions:

Status of Implementation by State Agencies and Recent Changes

Bureau of Cannabis Control (Bureau)

The Bureau is currently issuing temporary licenses for cannabis distributors, retailers, testing laboratories, microbusinesses. The Bureau is now allowing individual cannabis businesses to apply for and obtain one license to serve both the medicinal and recreational markets. The Bureau has added two additional license types: Cannabis Event Organizer and Cannabis Event License. A person must have a Cannabis Event Organizer license prior to obtaining a Cannabis Event License to hold a Cannabis Event. The Bureau has established a Cannabis Advisory Committee which advises the Bureau and the other licensing authorities – the California Department of Food and Agriculture and the California Department of Public Health – on the development of regulations to help protect public health and safety and to reduce the illegal market for cannabis. On July 13, 2018, the Bureau released proposed permanent regulations on July 13, 2018 for 45-day public comment; the proposed regulations can be found at the following link: <https://cannabis.ca.gov/cannabis-regulations/>. These regulations will replace the emergency regulations that the Bureau is currently operating under.

California Department of Food and Agriculture (CDFA) – CalCannabis Cultivation Licensing

CDFA is responsible for issuing 18 types of cannabis cultivation licenses including indoor/outdoor/mixed-light cultivation licenses, nursery and processor licenses (cultivation site that does trimming, drying, curing of non-manufactured cannabis). On July 13, 2018, CDFA released proposed permanent regulations for 45-day public comments; the proposed regulations can be found at CalCannabis Cultivation Licensing website at <http://cannabis.cdafa.ca.gov/>. These regulations will replace the emergency regulations that the CDFA is currently operating under.

CDFA/CalCannabis is currently in the process of holding public workshops throughout California to solicit input on establishing the framework for the CalCannabis Appellations Project. CDFA is required to develop a process that would allow state licensed cultivators to establish an appellation to cannabis grown in certain geographical areas.

California Department of Public Health (CDPH) - Manufactured Cannabis Safety Branch (MCSB)

The MCSB is currently issuing temporary licenses for four types of cannabis manufacturing:

Type 7 – produce an extract or concentrate using a volatile solvent

Type 6 – produce an extract or concentrate using a mechanical method or non-volatile solvent such as CO2 and ethanol

Type N – produce edible or topical products other than extracts or concentrates

Type P – package cannabis products or label cannabis product containers/wrappers only

As of July 1, 2018, all cannabis goods must meet all the statutory and regulatory requirements for testing, packaging and labeling, THC limits for edible and non-edible cannabis products as proposed in MAUCRSA (Medical Adult-Use Cannabis Regulatory and Safety Act). On July 13, 2018, CDPH published proposed permanent regulations for a 45-day comment period; the proposed changes may be found at www.cdph.ca.gov/mcsb/rulemaking. These regulations will replace the emergency regulations that the MCSB is currently operating under.

Enforcement actions are taking place by all three state agencies – hotlines have been established to report illegal cultivation – 1-800-WEED-TIP and there are online forms available on the CDPH website for anyone wishing to report an unlicensed operator or unsafe product. There have been a number of press releases stating the types of enforcement action being taken on unlicensed operators as well as the destruction of unlicensed cannabis and cannabis products.

California Department of Tax and Fee Administration (CDTFA)

As of May 2018, the CDTFA has reported revenue of \$60.9 million from cannabis sales beginning January 1, 2018 which includes the state cultivation tax of \$1.6 million, 15% excise tax of \$32 million and sales tax of \$27.3 million.

The state's cultivation tax rates are:

- \$9.25 per dry-weight ounce of cannabis flowers,
- \$2.75 per dry-weight ounce of cannabis leaves, and
- \$1.29 per ounce of fresh cannabis plant (must be weighed within two hours of harvesting)

The state's excise tax rate is:

- 15% of the "average market price" when purchased at retail

California City and County Sales and Use Tax:

- applies to retail sales of cannabis and cannabis products after the excise tax has been added
- does not apply to medicinal cannabis purchased by a holder of a California Medical Marijuana Identification Card issued by a county health department

Summary of Solano Cities Cannabis Ordinances

Since January 2018, cities within Solano County have been holding community meetings and developing their own cannabis regulations.

Cities of Fairfield and Vacaville

The City of Fairfield adopted a ban on all commercial cannabis activities and the City of Vacaville continues their moratorium on commercial cannabis activities. It is anticipated that the City of Vacaville will have a personal cannabis ordinance before the City Council by the end of the year. City of Vacaville staff anticipates a draft commercial/industrial cannabis ordinance will be developed in 2019.

City of Vallejo

The City of Vallejo has had medical cannabis dispensaries operating for a number of years, they have currently approved the sale of recreational cannabis within the existing medical dispensaries. There is an emergency ordinance allowing cultivation, distribution and manufacturing of medicinal cannabis by existing licensed dispensaries. Vallejo continues to study the possibility of regulating other medicinal and recreational cannabis businesses.

Cities of Dixon and Rio Vista

The cities of Dixon and Rio Vista have approved cannabis retail stores, cannabis cultivation and manufacturing businesses including a microbusiness in Rio Vista. There is a retailer in operation in Dixon and a microbusiness in operation in Rio Vista.

City of Suisun

The Suisun City Council recently approved cannabis regulations which would allow a retailer and other cannabis activities in certain zoning districts. The zoning districts approved for retailers are along Railroad Avenue. Future locations of other commercial cannabis businesses would require proposal by developer.

City of Benicia

Benicia has approved an ordinance that would allow up to two retailers, one microbusiness and other cannabis businesses in certain areas of the city. The City of Benicia recently held an RFP process for the two retail operations and nine applications were received.

A more in-depth status of the cannabis regulations for the cities within Solano County can be found in Exhibits 1A and 1B. A map of approved cannabis businesses within cities' jurisdictions is included.

County Updates

Adjacent counties are continuing to draft cannabis ordinances. A summary of cannabis regulations and tax rates for nearby counties is included as Exhibits 2A and 2B.

Overall Statewide Trends

The Legislature is considering a large number of wide-ranging cannabis-related bills, such as a bill to make compassionate care cannabis exempt from use taxes; a bill to giving cannabis investigators for CDFA the power to serve warrants and effect arrests; and a bill allowing veterinarians the ability to prescribe cannabis for pets.

CDPH is continuing to expand on its “Let’s Talk Cannabis” initiative to share science-based cannabis awareness information (<https://www.cdph.ca.gov/Programs/DO/letstalkcannabis/Pages/LetsTalkCannabis.aspx>).

Cannabis retailers and news outlets are reporting the rising popularity and demands for “microdosing” products, which typically contain under 5 milligrams of THC. These products tout the benefits of medicinal cannabis without the psychoactive effects, which is seen as a benefit to patients.

Since 2018 is an election year, many jurisdictions have cannabis taxation on their ballots. A trend seen with these new cannabis tax ballot measures is the proposing of a sliding scale for taxation – starting at a low percentage with gradual increase annually or over a specific number of years. Another trend noted by staff is that several jurisdictions with higher rates of taxation and fees on cultivation are now reducing those rates and fees. This reduction has been referenced as providing a relief for cannabis businesses as they begin their newly permitted cannabis operations. Also, it is being recognized that if taxes are too high on legal cannabis operations, there is the potential that it will perpetuate non-legal cannabis operations that exist without permits or proper licenses.

Exhibit 1 - Summary of Solano Cities Cannabis Ordinances/Tax Rates and Map of Commercial Cannabis Businesses

Exhibit 2 – Summary Adjacent Counties Cannabis Ordinances/Tax Rates

Exhibit 1A - Summary of Solano Cities Cannabis Ordinances

City	Personal Cultivation	Storefront and Mobile Retailers/ Dispensaries	Commercial Cannabis
Benicia Personal Ord. 18-4 Chapter 17.84.030	<ul style="list-style-type: none"> • No more than 6 cannabis plants per occupied residence. • Cultivation within fully enclosed structure. • No plants visible from public right of way. • All odors mitigated. • No gas products including butane. • Drying and processing must occur in fully enclosed structure. • Accessory structure may include shed, garage, greenhouse, fully enclosed and locked. Located in rear or side yards, with 5' setbacks from property lines. Structure maximum height of 10'. 	<ul style="list-style-type: none"> • Commercial Cannabis – includes Cannabis Retail and Microbusiness. • 1 microbusiness and 2 retail businesses are allowed. • Currently undergoing RFP process to elicit proposals. Proposals are due September 10, 2018. • Will require conditional use permit from Community Development Department and a Cannabis Public Safety License from the Benicia Police Department. • Retail operations limited to General Commercial, Community Commercial and Waterfront Commercial zones. • Microbusiness limited to Limited Industrial, General Industrial, Industrial Park and Water Related Industrial zones. • All businesses must keep 600' buffer from schools. • Recently held RFP process for the two retail operations and received 9 applications – no applications were received for the microbusiness. 	<ul style="list-style-type: none"> • Industrial Cannabis – includes manufacturing, distribution, cultivation, and delivery. <ul style="list-style-type: none"> • No limit on the number of permits issued. • Requires a Cannabis Public Safety License from Benicia Police. • Requires Cannabis Use Permit. • Per staff, pre-applications have been held with two potential manufacturing operators. • Cannabis Testing <ul style="list-style-type: none"> • Must be 600' from schools. • Located within Office Commercial, Limited Industrial, General Industrial, Industrial Park, and Water Related Industrial. • Currently requesting RFPs for commercial cannabis businesses. See Benicia website for details.

Exhibit 1A - Summary of Solano Cities Cannabis Ordinances

City	Personal Cultivation	Storefront and Mobile Retailers/ Dispensaries	Commercial Cannabis
<u>Dixon</u> Ordinance 17-008	<ul style="list-style-type: none"> • Personal Cultivation as permitted by the State. • Limited to 6 plants. • Currently working on updating regulations to possibly allow more than six medicinal plants with an Administrative Cultivation Permit – still pending Council approval. • Currently working on updating regulations to possibly allow more than 6 plants with an Administrative Cultivation Permit. 	<ul style="list-style-type: none"> • Limit 2 dispensaries/retailers allowed in the city at any time. • One retailer is open for business; no delivery at this time. • Must be fully enclosed. • Delivery is prohibited unless that activity is performed by a cannabis dispensary authorized by the city. • Must maintain a license, permit, and follow specific regulations. • One retail store for both medicinal and adult sales is now open and operating. 	<ul style="list-style-type: none"> • Cannabis manufacturing businesses and cannabis testing labs are allowed within the city in 2 zones: <ul style="list-style-type: none"> - Light Industrial Area - Heavy Industrial Area • Follows same licensing, permits, and regulations as dispensaries. • City Council added distribution to City's pilot program which includes distribution of raw product to testing facility and processed product to retail operation and also allows transport only from cultivation to manufacturer or another distributor. • Council has recently approved Development Agreement for a cannabis cultivation and manufacturing operation.
<u>Fairfield</u> Resolution: NO. 2017-2	<ul style="list-style-type: none"> • Personal Cultivation as permitted by the State. 	<p>Medical cannabis dispensaries, recreational dispensaries, mobile dispensaries, & delivery services are not a permitted within city limits.</p>	<p>Commercial businesses/cultivation are prohibited within city limits.</p>

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City	Personal Cultivation	Storefront and Mobile Retailers/ Dispensaries	Commercial Cannabis
<u>Rio Vista</u> Municipal Code: Section 17.70 Ordinance 005-2017 Adopted	<p>Personal cultivation of no more than 6 plants allowed indoors in a private residence or in a detached, secure enclosure with cannabis cultivation use permit issued by city manager.</p> <ul style="list-style-type: none"> Personal Cultivation only be allowed in specific residential zones dictated by Ordinance 005-2017. Cultivation within an enclosed, secured greenhouse which includes mechanical ventilation with filtration systems is permitted. The grower shall have the written consent of the property owner. Comply with CA building, electrical, and fire codes as adopted by the city. 	<ul style="list-style-type: none"> Cannabis Dispensaries are allowed in the C-2 (Community Commercial), C-3 (General Service Commercial and Industrial), B-P (Business Park), I-P-I (Industrial Park and/or Industrial) and MG (General Manufacturing) zones, with the issuance of a conditional use permit (valid for 2 years) and development agreement, which jointly, must first be reviewed and recommended by the Planning Commission for City Council approval. 600ft setback from sensitive uses. Medical Cannabis Deliveries from Authorized Dispensary allowed with Permit. Non-Medical Cannabis Deliveries Prohibited. Mobile dispensaries are expressly prohibited. Limit of 2 retailers (storefronts). 	<p>Conditional Use permit process for indoor cultivation of cannabis, medicinal plant research, manufacturing, and packaging of Cannabis products.</p> <p>Business Park (B-P) and Industrial Park and/or Industrial (I-P-I).</p> <ul style="list-style-type: none"> The conditional use permit and development agreement must first be reviewed and recommended by the Planning Commission prior to City Council review. Six hundred (600) foot setback measured from the closest property line of the school, child care center, or park to the closest property line of the commercial cultivation parcel. Any structure used for the commercial cultivation of cannabis must have a ventilation and filtration system Limit of 2 microbusinesses. One microbusiness is open and operating with storefront retail and delivery available. Planning Commission recently approved use permits for another microbusiness with Type 7 manufacturer and an indoor cultivation and processing facility.

Exhibit 1A - Summary of Solano Cities Cannabis Ordinances

City	Personal Cultivation	Storefront and Mobile Retailers/ Dispensaries	Commercial Cannabis
<u>Suisun City</u> Municipal Code: Chapter 18.49	<ul style="list-style-type: none"> Personal Cultivation as permitted by the State. Only allows individual cultivation, this excludes caregiver/collective cultivation. 	<ul style="list-style-type: none"> Allows both non-storefront medical/adult-use retailer and delivery and store front medical/adult-use retailer and delivery. Uses limited to Commercial Services & Fabrication zones (these zones abut Railroad Ave). 	<ul style="list-style-type: none"> City Council approved indoor cultivation, mixed-light cultivation, manufacturing, testing and distributor with approval of a City-issued commercial cannabis business permit and in compliance with all other applicable city and state regulations. Cannabis business operator or property owner would need to establish a cannabis business zone for commercial cannabis businesses. City has not established an area.
<u>Vacaville</u> Municipal Code: Chapter 9.13 Moratorium in Affect	<ul style="list-style-type: none"> Personal Cultivation as permitted by the State. Moratorium does not prohibit personal cultivation brought about by state law for medical and non-medical personal cultivation. Council held study session July 10, 2018 to discuss codifying state law. Council directed staff to begin drafting ordinance. Draft ordinance tentatively scheduled for review by Planning Commission/Council by end of 2018. 	<ul style="list-style-type: none"> All dispensaries prohibited. All deliveries of medical cannabis are expressly prohibited within the City of Vacaville. No person shall conduct any deliveries that either originate or terminate within the City. 	<ul style="list-style-type: none"> Commercial cannabis activities of all types are expressly prohibited within the City of Vacaville. This moratorium was expanded to September 26th, 2019 unless repealed before its expiration. Per July 10, 2018 Council meeting - City staff will begin a series of study sessions and meetings on regulating cannabis cultivation, manufacturing, distribution and testing facilities. It is expected that the commercial/industrial components of cannabis businesses will be studied in 2019.

Exhibit 1A - Summary of Solano Cities Cannabis Ordinances

City	Personal Cultivation	Storefront and Mobile Retailers/ Dispensaries	Commercial Cannabis
<u>Vallejo</u> Municipal Code: Chapter 7.100-7.200 Ordinances: 1780, 1781, 1782	<ul style="list-style-type: none"> Recognizes the need for access to medical marijuana by patients. Personal cultivation as permitted by State. 	<ul style="list-style-type: none"> Medical Marijuana Dispensaries allowed provided permits authorizing them to operate in Vallejo. No mobile dispensary allowed. Minimum of 600 feet from any public or private school, kindergarten through high school, day care center, or youth center. <ul style="list-style-type: none"> 11 dispensaries are compliant with municipal code. 9am-8pm operating hours for dispensaries. The dispensary property utilizes a sufficient odor-absorbing ventilation and exhaust system so that odor generated by inside the property is not detected outside dispensary. 	<ul style="list-style-type: none"> Ad Hoc Sub Committee was extended through August 30th, 2019 to continue to research other possible cannabis businesses. Current permanent ordinances address only medical marijuana businesses; urgency ordinances allow sales of recreational cannabis within existing dispensaries. Council adopted emergency ordinances in regards to medical cultivation, distribution and manufacturing. Only persons who were issued a permit to operate a medical marijuana dispensary may apply for a permit to operate as a Medical Marijuana Cultivation (P-CLT), Manufacturer (P-MFG), and/or Distributor (P-DST). Anticipated that Planning Commission and City Council will be going back thru the public hearing process to adopt permanent ordinances addressing cultivation, distribution and manufacturing. Current zoning districts cannabis businesses allowed include the Industrial Use, Industrial Limited Use and Planned Development Industrial.

Proposed/Operating Cannabis Businesses Within Incorporated Areas of Solano County

Cannabis Businesses

- ▲ Type 2A Cultivator (medical/adult-use)
- ▲ Type 3A Cultivator (medical/adult-use)
- ▲ Type 3B Cultivator (medical/adult-use)
- Type 6 Manufacturer (medical/adult-use)
- Type 7 Manufacturer (medical/adult-use)
- Type 10 Retailer (medical/adult-use)
- ◆ Type 11 Distributor
- ◆ Microbusiness
- ▭ City Boundaries
- ▭ County Boundary
- Interstate Highway
- Major Roads
- Water Bodies



1 inch equals 5 miles

0 1.25 2.5 5 Miles

RSU_1699CannBusBusiness_V29/19/18

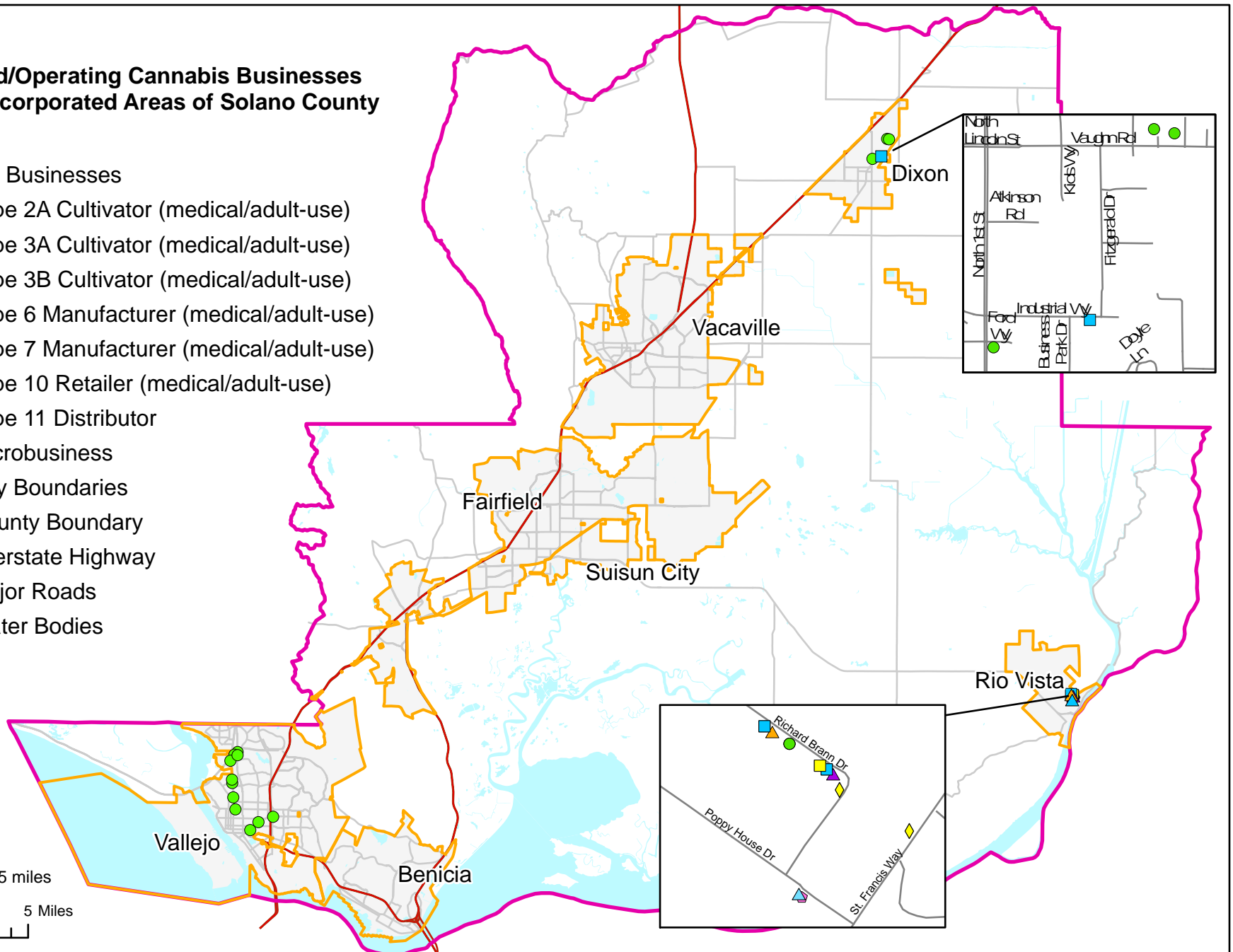


Exhibit 1B - Solano County Cities Cannabis Tax Table

City	<u>Tax Rates</u>	
	<i>Description</i>	<i>Rate</i>
Benicia	<ul style="list-style-type: none"> Measure E will be on the November 6, 2018 ballot. 	<ul style="list-style-type: none"> Up to 6% gross receipts for each cannabis license and \$10 per sq. ft. of canopy for commercial cannabis cultivation businesses.
Dixon	<ul style="list-style-type: none"> All cannabis businesses are required to comply with any taxes put forth by the City under Measure K approved November 2016. 	<ul style="list-style-type: none"> Up to 15% of gross receipts for all cannabis businesses and dispensaries.
Fairfield	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
Rio Vista	<ul style="list-style-type: none"> A tax plan has been proposed for cannabis businesses. This plan will charge a percentage of gross receipts and go up in percentage every year. 	<ul style="list-style-type: none"> 1st Year 1% of gross receipts 2nd Year: 2% of gross receipts 3rd Year: 3% of gross receipts ETC
Suisun City	<ul style="list-style-type: none"> On July 17, 2018 the City Council adopted Resolution No. 2018-83 placing a cannabis business tax on the November 6, 2018 ballot. 	<ul style="list-style-type: none"> Up to 15% of gross receipts and \$25 per sq. ft. of space used for commercial cannabis activities.

Exhibit 1B - Solano County Cities Cannabis Tax Table

City	<i>Description</i>	<u>Tax Rates</u> <i>Rate</i>
Vacaville	<ul style="list-style-type: none"> None proposed at this time. 	<ul style="list-style-type: none"> None
Vallejo	<ul style="list-style-type: none"> Businesses must comply with city cannabis business tax rate (Municipal Code Chapter 5.5). 	<ul style="list-style-type: none"> Up to 10% of gross receipts for all Medical Cannabis Businesses (Measure C approved November 2011).

Exhibit 2A – Solano County and Adjacent County Cannabis Ordinance Status

County	Personal Cultivation	Commercial Cannabis Businesses
Solano Current Ordinance: 2017-1789	<p>Outdoor cultivation of medicinal and non-medicinal cannabis is prohibited unless an application for an exception request is approved by the Department of Resource Management for growing up to three plants outdoors.</p> <p>Indoor cultivation of non-medical cannabis is allowed for up to six plants within a residence, enclosed accessory structure, or a greenhouse.</p> <ul style="list-style-type: none"> Caregiver cultivation is allowed indoors with an approved administrative permit from the Department of Resource Management. 	<p>Interim Urgency Ordinance in place thru 12/6/2018:</p> <ul style="list-style-type: none"> No commercial cannabis businesses allowed in the unincorporated areas of Solano County.
Contra Costa Current Ordinance: 2017-26	<p>Interim urgency ordinance prohibits outdoor personal cultivation.</p> <p>Personal indoor grows of up to six plants as provided by AUMA allowed.</p> <p>Interim Urgency Ordinance approved January 2017.</p> <p>Personal cultivation is currently under review.</p>	<p>Interim urgency ordinance prohibits the cultivation, delivery, manufacturing, and sale of cannabis and cannabis products.</p> <p>04/24/18: Presented DRAFT FRAMEWORK FOR REGULATING CANNABIS</p> <ul style="list-style-type: none"> Would allow thru RFP process and with use permit approval – commercial cultivation (maximum of 10 during the first three years), retail storefront (maximum 4 during first three years), delivery-only retail, manufacturing, distribution center, testing facility – all with no initial limits. Only in specific zones and 1000' of schools. Health Services will require permit for cannabis businesses. Final Ordinance expected in 2019.

Exhibit 2A – Solano County and Adjacent County Cannabis Ordinance Status

County	Personal Cultivation	Commercial Cannabis Businesses
Napa Current Ordinance: NO. 1425	<p>Outdoor cultivation prohibited by ordinance extended thru January 2019.</p> <p>Indoor cultivation allowed with regulations (Business & Professions Code sec. 26033):</p> <ul style="list-style-type: none"> No more than twenty-five contiguous square feet of cultivated area per premises allowed for indoor/enclosed structure medical cultivation. 	<p>Not allowable under county code and current ordinance until December 4th, 2018</p> <p>Anticipating the continuation of moratorium; direction from Board to develop a medicinal and recreational dispensary ordinance by June 2019. Cultivation will be considered after dispensaries.</p>
Sacramento Current Ordinance: NO. 1609	<p>Current Ordinance calls for the following regulations on personal cultivation:</p> <ul style="list-style-type: none"> Outdoor cultivation of medical/recreation cannabis prohibited. No more than 9 plants allowed indoors for either medical (regardless of the number of qualified patients or caregivers residing in the dwelling) or non-medical use. 	<p>Commercial Marijuana Businesses/Cultivation Prohibited in all Zoning Districts.</p>

Exhibit 2A – Solano County and Adjacent County Cannabis Ordinance Status

County	Personal Cultivation	Commercial Cannabis Businesses
Sonoma Current Ordinance: NO. 6189	<p>Medical and Non-medical: 100sq feet including:</p> <ul style="list-style-type: none"> • Up to 6 plants for adult use per residence. • No limit for medical patients so long as it fits in the 100sq feet. <p>Outdoor cultivation allowed with some restrictions including setbacks and zoning.</p> <ul style="list-style-type: none"> • Outdoor growing is not allowed in multi-family units or in the medium and high density residential zones (R2 and R3). <p>Indoor/Mixed-light allowed. All cultivation structures must be equipped with filtration and ventilation systems.</p>	<p>Currently only allowing businesses for medical cannabis.</p> <p>Began accepting permit applications for medical cannabis businesses July 5, 2017 with \$2,500 fee.</p> <p>Cannabis Business Tax Rates applicable to all permitted businesses.</p> <p>Permitting available for nursery, cottage, indoor/outdoor/mixed light cultivation, testing/lab, manufacturing, dispensaries, distributor, and transporter businesses.</p>

Exhibit 2A – Solano County and Adjacent County Cannabis Ordinance Status

County	Personal Cultivation	Commercial Cannabis Businesses
Yolo	<p>Personal cultivation allowed under MCRSA and AUMA.</p> <ul style="list-style-type: none"> • Medical: No more than 6 plants allowed per residence (Regardless the number of qualified patients in the residence). • Recreational: No more than 6 plants. <p>Outdoor cultivation limited by setbacks to sensitive uses and neighboring residential structures.</p>	<p>Commercial Cultivation of medical cannabis allowed by permit only and must be in compliance with California Regional Water Quality Control Board Central Valley Region. Cultivators participate in pilot track and trace program:</p> <ul style="list-style-type: none"> - \$1,500 per Application Fee - \$7,600 Initial Permit Fee - \$1.60 per sq. ft. (CBD Dominant) / \$2.48 per sq. ft. (THC Dominant) Annual Certification Fee <p>Yolo County is considering 3 nurseries and 3 processing facility licenses</p> <ul style="list-style-type: none"> - Top 3 applicants of each will meet with the Board of Supervisors in March 2018 to propose their businesses, and if approved, will go to a final approval meeting later this year. <p>Currently developing a Cannabis Land Use Ordinance which will allow manufacturing, testing, distribution, retail and microbusinesses. Currently undergoing CEQA review process – Scoping meeting held 9/13/18.</p>

Exhibit 2B – Solano County and Adjacent County Cannabis Tax Table

<u>County</u>	<i>Description</i>	<u>Tax Information</u> <i>Rate</i>
Solano	<ul style="list-style-type: none"> Voters approved in November 2016. 	<ul style="list-style-type: none"> Up to 15% of gross receipts. Board can determine rate.
Contra Costa	<ul style="list-style-type: none"> Tax proposal on November 6, 2018 ballot. 	<ul style="list-style-type: none"> Up to 4% gross receipts for cannabis retailers. \$7.00 per sq. ft. of canopy for cannabis cultivation operations.
Napa	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
Sacramento	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None

Exhibit 2B – Solano County and Adjacent County Cannabis Tax Table

County	Tax Rates											
	Description	Rate										
Sonoma	<ul style="list-style-type: none">Sonoma County has a full tax breakdown on the county website. http://sonomacounty.ca.gov/Cannabis/Taxes/	Outdoor Cultivation										
		<table><tr><th>Cultivation License</th><th>Rate per Square Foot</th></tr><tr><td>1C – Specialty Cottage: 25 plants</td><td>\$1.00</td></tr><tr><td>1 – Specialty Outdoor – 5,00 sq. ft.</td><td>\$1.50</td></tr><tr><td>2 – Small: 10,000 sq. ft.</td><td>\$2.00</td></tr><tr><td>3 – Medium: 1 acre</td><td>\$2.00</td></tr></table>	Cultivation License	Rate per Square Foot	1C – Specialty Cottage: 25 plants	\$1.00	1 – Specialty Outdoor – 5,00 sq. ft.	\$1.50	2 – Small: 10,000 sq. ft.	\$2.00	3 – Medium: 1 acre	\$2.00
		Cultivation License	Rate per Square Foot									
		1C – Specialty Cottage: 25 plants	\$1.00									
		1 – Specialty Outdoor – 5,00 sq. ft.	\$1.50									
		2 – Small: 10,000 sq. ft.	\$2.00									
		3 – Medium: 1 acre	\$2.00									
		Indoor Cultivation										
		<table><tr><th>Cultivation License Type</th><th>Rate per Square Foot</th></tr><tr><td>1C – Specialty Cottage: 500 sq. ft.</td><td>\$3.75</td></tr><tr><td>1A – Specialty Indoor: 5,000 sq. ft.</td><td>\$7.50</td></tr><tr><td>2A – Small: 10,000 sq. ft.</td><td>\$11.25</td></tr><tr><td>3A – Medium: 2,000 sq. ft.</td><td>\$11.25</td></tr></table>	Cultivation License Type	Rate per Square Foot	1C – Specialty Cottage: 500 sq. ft.	\$3.75	1A – Specialty Indoor: 5,000 sq. ft.	\$7.50	2A – Small: 10,000 sq. ft.	\$11.25	3A – Medium: 2,000 sq. ft.	\$11.25
		Cultivation License Type	Rate per Square Foot									
		1C – Specialty Cottage: 500 sq. ft.	\$3.75									
		1A – Specialty Indoor: 5,000 sq. ft.	\$7.50									
2A – Small: 10,000 sq. ft.	\$11.25											
3A – Medium: 2,000 sq. ft.	\$11.25											

Exhibit 2B – Solano County and Adjacent County Cannabis Tax Table

<u>County</u>	<u>Tax Rates</u>	
	<i>Description</i>	<i>Rate</i>
Sonoma Contd.	Mixed-Light Cultivation	
	Cultivation License	Rate per Square Foot
	1C – Specialty Cottage: 2,500 sq. ft.	\$2.25
	1B – Specialty Mixed- Light: 5,000 sq. ft.	\$4.50
	2B – Small: 10,000 sq. ft.	\$6.50
	3B Medium: 22,000 sq. ft.	\$6.50
	Supply Chain Business Tax Rates	
	Operator Type	Percentage of Gross Receipts
	Manufacturer	3.0%
	Transporter	0.0%
	Distributor	0.0%
	Cannabis Nursery	0.0%
	Dispensary	2.0%
	Testing Laboratory	0.0%

Exhibit 2B – Solano County and Adjacent County Cannabis Tax Table

<u>County</u>	<i>Description</i>	<u>Tax Rates</u>	<i>Rate</i>
Yolo	<ul style="list-style-type: none"> Tax plan approved by voters on June 5, 2018. 	<ul style="list-style-type: none"> 10 – 15% of gross receipts for all commercial cannabis activities. Initial rate of 4.0% for cultivation as of July 1st, 2018. Initial rate of 5.0% for other commercial businesses. Auto increase for cultivation to 5.0% on July 1st, 2020. Board of Supervisors sets tax rates annually <ul style="list-style-type: none"> Board of Supervisors can only increase or decrease tax rate by 2.0% annually. 	