



Mendocino County Board of Supervisors
501 Low Gap Road
Ukiah, CA 9548

March 1, 2022

Re: Item 4a on 3/2 - Discussion and Possible Action Including Direction for County Counsel to Work with Mendocino Cannabis Program Staff in Adopting Changes as Needed to Section 10A.17.080 and 10A.17.090 and/or Tax Ordinance Chapter 6.32 for the Purpose of Extending Non-Cultivation and Stay of Permit for Cannabis Cultivators (Sponsor: Supervisor Haschak)

Honorable Supervisors,

The current following program has extremely limiting parameters for cultivators. This process can be easily amended to make it simple and more workable for the realities of cultivating an annual crop. The environmental, regulatory, political and economic conditions are different than they were when the ordinance was created and the need to amend the following process for both applicants and permit holders is extremely important right now. We are grateful to Hannah Nelson for her substantial efforts in addressing this issue.

Summary of Proposed 10A.17 Changes To Create a More Effective Following Program

- Treat Annual Permit holders **AND** Applicants equally in their ability to follow.
- **Continued Permit and CEQA Processing while following OR pause on processing:** Allow *Annual Permit holders AND Applicants* to follow and still continue with their CEQA review by the County so they don't lose their place in line or elect to pause those processes.
- **Re-entry:** Create a streamlined resubmission process if either application or CEQA processing is paused.
- **Genetic preservation:** Create a mechanism for cultivators who file a Notice of Non-Cultivation to keep genetics alive if they register the specific genetics, which are already in the Track and Trace system with the state, and which cannot be sold during the following (non-cultivation period) and then only in accordance with all state laws after the following has lifted.
- **Include the ability to dry, cure, sell product, and maintain genetics while following:** There is a lot of work involved to get cannabis ready for sales after it is harvested (drying, curing, trimming, packaging, etc) It can take 6-12 months

to complete this process after the cannabis has been harvested. Farmers need to be able to keep unsold products on the farm. It is unreasonable to make small farmers transfer all product to distributors before they can fallow because they often will charge a large fee to store product at their facility and the temperature/humidity control is sometimes sub par. All products are accounted for in Metrc, subject to inspection and tracked by the state, leaving no reason why products can't still be on the premises.

- **Taxes:** Cultivators should not be held responsible for the minimum tax for the year/years they are fallowing. Cultivators should not have to submit a tax appeal the year/years following in order to not have to pay the minimum tax. Cultivators shall be responsible to pay any tax on sold product even if it is in the year they are not cultivating but product is still being sold from the previous year.

- **Restrictions to Remove:**
 - Remove the limitation of only allowing fallowing once in every five years.
 - **Remove the limitation that fallowing can only happen at time of renewal (for annual permit holders) or must require a halt of application processing (for applicants).** Instead allow it at ANY time during the permit OR application period.
 - **Remove the restriction that drying, harvest storage, sales through the state track and trace system, and maintenance of genetics are not allowed** Attach a specific definition of "cultivation" for purposes of the following provisions. Currently, a Notice of Non-Cultivation or Notice of Application Stay use the general definition of cultivation from the ordinance that includes those activities. So long as no new plants are being cultivated (except for maintaining genetics), all existing inventory (as reported in Track and Trace and always subject to inspection) should be allowed to be dried, stored, sold, and genetics maintained under the provisions of the proposed program.

Finally, we request that fallowing (Notice of Non-Cultivation) be an option for ANY purpose. Allow applicants that receive notice of denial to file BOTH Notice of Non-Cultivation AND Notice of Application Stay to prevent denial. Having both Notices available independently will allow for the applicant who may need to correct something in order to change from a denial to an approval of their permit application, but they may have to continue to fallow at that point for any number of reasons (such as market conditions, finances, family needs, etc.). They should be able to continue to fallow but have their application returned to the queue for processing after the correction.

Thank you for your time and consideration of this important issue.

Sincerely,

Mendocino Cannabis Alliance
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