



Mendocino County General Government Committee
501 Low Gap Road
Ukiah, CA 95482

March 27, 2023

Re: Item 2b) *Discussion and Possible Action Including Referral to the Board of Supervisors Regarding Any Appropriate Direction to Staff to Prepare Possible Ordinance Amendment to Process Cannabis Cultivation Applications with Deprioritized Status for Not Paying Taxes and Not Providing Proof of a State Cannabis License While Cultivating (Sponsor: County Counsel and Cannabis)*¹

Honorable Supervisors,

MCA supports an immediate end to the Deprioritization Program that has been implemented by MCD, which as we have previously reported to this committee² goes far beyond the actual directions given by the Board. Given the limited information provided for this agenda item, we are unclear if County Counsel is asserting that an ordinance amendment is required in order to reprioritize applications that have been deprioritized. Since the Deprioritization Program was never codified in the ordinance and was merely implemented procedurally by MCD, we believe an ordinance amendment is unnecessary to immediately cease this policy which has proven to be detrimental and is on the verge of causing irreparable harm for many operators who may be unable to renew their state provisional licenses after statutory changes in effect beginning on July 1.

We respectfully ask the Committee Members to confirm with the Sponsors that the intent of this item is to effectuate the reprioritization of deprioritized files and to ensure that this intent is explicitly incorporated into any motion or directive arising from this item.

We agree that cultivation operations with the issuance of a County Permit are only allowable with an active state license, and that aligning the ordinance with this intent is appropriate. However, it seems that this issue is being conflated with the path to reprioritization which, again, should not require an ordinance amendment.

We respectfully request that the GGC recommend to the Board that all Deprioritized operators be brought back into the queue for processing without an ordinance amendment.

¹ Agenda Item Text

https://mendocino.legistar1.com/daystar.legistar6.sdk.ws/ViewReport.ashx?M=R&From=Granicus&GovernmentGUID=MEND&N=TextL5&ID=11146&GUID=LATEST&Extra=L5&Title=Legislation*Text&ver=1679613848

² GGC Memo 02-27-2023 Item 2a

https://speakup-us-production.s3.amazonaws.com/uploads/attachment/file/63fbd5277d79654e4e003ac3/02-27-2023_MCA_GGC_Memo_Re_Item_2a_MCD_Update.pdf

If the Board is not willing to reprioritize all impacted operators, at a minimum it should direct Staff to create a mechanism for any operators who plan to enter the Tax Payment Plan to be immediately reprioritized. We have previously recommended a simple affidavit for this purpose, and have not been made aware of why this possible option might not work for the County. The intent behind that recommendation is to address the gap in timing between the adoption of the Payment Plan and the reprioritization of participating operators.

Due to the current timeline for implementation of the payment plan for delinquent cannabis taxes, the Treasurer Tax Collector's office will not be able to begin receiving payments **until April 28** at the earliest. This will significantly delay Reprioritization and application processing for any operators who are facing State Renewals in July, August and September, thus jeopardizing their ability to meet current State CEQA benchmarks and remain in the regulated market. We are attempting to assist the County in identifying these applicants, and respectfully request that MCD attempt to contact those impacted by this timing issue directly and via Canna Notes,

Lastly, we believe it is extremely pertinent to this discussion, and specifically the question of whether an ordinance amendment is needed to effectuate reprioritizations, that the Committee Members consider the origin of the deprioritization program. The text for this agenda item includes the following statement:

“Based on **prior Board direction** to prioritize applications that have an active state cannabis cultivation license and were current on County taxes, the Mendocino Cannabis Department (“MCD”) implemented a de- prioritization program.” (emphasis added)

However, the actual direction of the Board, taken from the minutes of the April 19, 2022 BoS meeting,³ tell a different story:

Board Action: Upon motion by Supervisor McGourty, seconded by Supervisor Gjerde, IT IS ORDERED that the Board of Supervisors requires tax compliance for Cannabis Permit Renewal; directs staff to return to the Board with options for implementation of a payment plan; and directs the Executive Office to return with numbers regarding options for the tax rate.”

Given this language, It is clear that MCD, either on its own or in conjunction with County Counsel, chose to remove licensees who were in arrears completely from application processing. **This action was not the direction of the Board**, and it has resulted in significant and unnecessary stress and anxiety for the vast majority of the local licensed operators that have been caught up in this program. The Board has allowed this Program to continue despite significant outcry from the community.

³ BoS Minutes 04-19-2021 Item 4e
<https://mendocino.legistar.com/View.ashx?M=M&ID=922494&GUID=98023168-6A1B-4682-BA1A-E4AC8276D6BA>

Based on these factors, we again strongly urge the GGC to recommend to the full Board that immediate direction be given to MCD to put all operators currently in Deprioritization Status back into the queue for application processing and permit issuance.

We have been encouraged by the recent efforts of this committee to advance necessary reforms to the full Board, and urge you to continue that effort here today by addressing this outstanding issue.

Thank you for your consideration of this important item.

Sincerely,

Mendocino Cannabis Alliance
e: info@mendocannabis.com