



Measure D

The Mono County Cannabis Business Tax

Fact Sheet

Who would pay this tax?

This tax would be imposed directly upon receipts and/or operations of Cannabis Businesses. They will be required to report on gross receipts, or square footage of cultivation, and will remit the tax directly to the County Tax Collector.

Is this a sales tax?

No. This tax does not apply directly to the sale of cannabis products, and Mono County has no general sales tax in place to be imposed on cannabis sales. It will not be added on to a sale of cannabis products. The cost of the tax is expected (but not required) to be incorporated into the price of the product.

How would tax revenues be spent?

This is a general tax and there are no restrictions on how it may be spent. However, the legalization of cannabis, as well as the County's adoption of regulations for cannabis businesses, are expected to create indirect impacts to various county services. Anticipated impacts are primarily to Code Enforcement, Public Health, and Law Enforcement. These indirect impacts can't be recouped from cannabis businesses through fees and it is anticipated that tax revenues will offset these new expenses.

I live in Mammoth. Do I still vote on Measure D?

Yes. Voters within the Town of Mammoth Lakes will vote on the County's Measure D, although it applies only in the unincorporated area of Mono County (not within the Town). The Town has proposed its own Cannabis Business Tax Measure C, that will apply only within the Town. If voters support these taxes, they should vote 'yes' on both.

Will Measure D apply within the Town of Mammoth Lakes?

No. The County's Measure D applies only within the unincorporated areas of Mono County, and not within the Town of Mammoth Lakes. The Town has proposed a Cannabis Business Tax Measure C, that is also on the June ballot, and applies only within the Town.

Under Measure D, how much tax will be applied to Cannabis?

This is a complicated question because taxes would be levied according to different stages of cannabis production, and cannabis products may not pass through each individual stage of production in Mono County. Additionally, The County is requesting voters approve a 'range' of taxes so the specific tax that will be imposed is undetermined at this time. The 'range' will entitle the Board of Supervisors to impose the tax and make future adjustments within that range, as necessary.

If Measure D passes and the taxes are imposed at the low end of the range, if a given cannabis product passes through all stages of production in Mono County, the total amount of taxes will be about 28% of the product's total sale value. Mono County/Measure D portion would represent about 5.75% of that, with the rest being California State taxes.

If Measure D passes and the taxes are imposed at the high end of the range, if a given cannabis product passes through all stages of production in Mono County, the total amount of taxes will be about 31% of the product's total sale value. Mono County/Measure D portion would represent about 9.7% of that, with the rest being California State taxes.

What are the proposed taxes in Measure D?

If Measure D passes, cannabis businesses would be required to pay the following taxes, depending on the type of business:

- \$2.00 annually per square foot of canopy space in a facility that uses exclusively artificial lighting, capped at \$3.00.**
- \$1.50 annually per square foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting, capped at \$2.50.**
- \$.50 annually per square foot of canopy space in a facility that uses no artificial lighting, capped at \$1.50.**
- \$.50 annually per square foot of canopy space for any nursery, capped at \$1.00.**
- Testing laboratory: 1% of gross receipts, not to exceed 2.5%.
- Retail sales of cannabis as a retailer (dispensary) or non-store front retailer (delivery) or microbusiness (retail sales): 4% of gross receipts, not to exceed 8%.
- Cannabis distribution business: 2% of gross receipts, not to exceed 4%. - Cannabis manufacturing, processing, or microbusiness (non-retail), or any other type of commercial cannabis business: 2.5% of gross receipts, not to exceed 4%.

**On July 1, 2021, and on each following July 1, the maximum annual tax rate per square foot of canopy space would be subject to a CPI increase.

What are the State taxes on cannabis?

The State of California will be collecting taxes at two stages: On cultivation, a \$9.25/oz State Cultivation Tax. On retail sales, a 15% State Excise Tax and 6.25% California Sales Tax.

What happens if voters reject this tax?

If Measure D is rejected by voters in Mono County, all State taxes will still be collected, but there will be no local tax on cannabis products. Any indirect impacts that occur will have to be addressed using existing County resources. This means that current practices and levels of service may be diminished, altered, or re-prioritized to respond to these emerging needs.

I do not use cannabis. How will this affect me?

If you are not a cannabis consumer, the approval of Measure D will not have a direct financial impact. You should benefit from increased County revenues that will help to preserve current levels of County services while County Departments address the impacts of this new industry.

I use cannabis. How will this affect me?

If you are a cannabis consumer, you should expect to see higher costs for cannabis products, as it is expected that cannabis businesses will pass-through the cost of the tax to their customers. The increase in cost relating to the County's imposition of the tax should reflect the cost itself, which means the cost to consumer should be between 5.75-9.7% of the total purchase price.