



HUMBOLDT COUNTY GROWERS ALLIANCE

March 7, 2022

Dear Supervisors and Staff,

On behalf of Humboldt County Growers Alliance (HCGA), representing 275 licensed cannabis operators in Humboldt County, we appreciate the opportunity to comment on several cannabis-related items on tomorrow's Board of Supervisors agenda.

Item D3: Letter of Support for SB 1074 (McGuire)

We appreciate the consideration of this item, and urge your support.

SB 1074, proposed by Senator McGuire, would both permanently eliminate the state cannabis cultivation tax, and provide much-needed net tax relief to the cannabis industry until January 1, 2026. Additionally, Senator McGuire has committed to work through the budget process to ensure that any tax relief provided by SB 1074 is backfilled by budget allocations funded by California's \$45 billion surplus. (https://twitter.com/ilike_mike/status/1494455767562276864).

Through our government affairs partnership with Origins Council, and in coalition with cannabis trade associations in five other legacy cannabis producing regions, HCGA has already submitted a letter indicating our formal support for this bill. The county's support for this item would help encourage the state to provide much-needed relief for small cannabis farmers, and help to normalize cannabis agriculture by eliminating a harvest tax which is not applicable to any other form of agriculture.

Item D7: Project Trellis Actions

We support staff's recommendations on this item, including 1) accepting an additional \$3.4 million in state equity funds, 2) appointing a board liaison to Trellis committee, and 3) distributing \$1 million in emergency grants to seventy (70) qualified recipients. We appreciate the hard work from staff and the Board to move these items forward.

Item H1: Mid-Year Budget Review

The staff report for this item contemplates the future direction for Project Trellis funding given cutbacks to Measure S and overall budget dynamics within the county.

With the exception of state equity funding, Project Trellis is currently funded exclusively through Measure S tax revenue paid by licensed cannabis cultivators. We understand that significant cuts to Measure S will therefore impact the Project Trellis budget, and believe this provides an opportunity for Project Trellis to reassess its direction, and focus on activities that reflect the greatest need and the most efficient use of the program's resources.



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First and foremost, we urge the Board to ensure the continuation of whatever nominal county investment is necessary to ensure that the county continues to be competitive for state cannabis equity funding opportunities. For the most recent round of equity funding, we understand that approximately \$100,000 of county investment has yielded over \$3.4 million in state funds - a return on investment of 34x. Continuing to fund this program should be a top priority for the county.

Additionally, the staff report reflects approximately \$800,000 of Trellis funds which have been set aside based on a 10% cut of previous taxes already paid by cannabis farmers. After ensuring the equity program is fully funded, we request that these funds either be 1) returned directly to cannabis cultivators, or 2) reallocated as \$50,000 grants to collaborative cannabis projects - such as cooperatives, appellations, regional organizations, certification organizations, and tourism organizations - through the already-existing process for Trellis microgrants.

Funding a range of collective projects through microgrants has the potential to “seed” a diversity of innovative projects to support an equitable and thriving cannabis industry, while avoiding the many challenges associated with a county-funded countywide marketing program as outlined in our January 19 letter.

As expressed in our January 19 letter, HCGA is committed to carrying out an industry-funded countywide marketing effort, following the precedent of other industry-led marketing efforts in Napa, Bordeaux, and elsewhere, and we are already engaged in strategic planning to move this program forward.

Item H3: Measure S Cannabis Taxes

We urge the Board to approve this resolution for the 85% reduction of 2022 Measure S taxes, consistent with your direction on February 7, and deeply appreciate your leadership on this issue.

Thank you for your consideration,

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Humboldt County Growers Alliance

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