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ORDINANCE NO. 5203

**AN ORDINANCE AMENDING THE TAXATION OF COMMERCIAL CANNABIS ACTIVITIES
STRUCTURE AND RATES**

THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO DOES ORDAIN AS FOLLOWS:

Section 1. Sections 3.22.040 of Title 3 of the El Dorado County Ordinance Code entitled "Tax Imposed" is hereby amended in part to read as follows:

Sec. 3.22.040 Tax Imposed.

- A. There is established and imposed a commercial cannabis activities tax at the rates set forth in this section.
- B. Each person engaged in any commercial cannabis activity in the unincorporated area of the County, regardless if the person has been issued a permit to operate lawfully in the County or is operating unlawfully, shall pay an annual commercial cannabis activities tax, remitted in accordance with Section 3.22.090. Said tax shall be imposed upon any and all commercial cannabis activities, regardless of whether the activity is undertaken individually, collectively, or cooperatively, and regardless of whether the activity is for compensation or gratuitous.
- C. The County Board of Supervisors may, in its discretion, at any time by resolution or ordinance, set the initial rate and/or adjust the tax rate for all persons engaged in any commercial cannabis activity in the unincorporated area of the County subject to the minimum and maximum rates established for each type of commercial cannabis activity in this section. The Board may establish different tax rates for each commercial cannabis activity type, state license type, or subset of activity within each type of commercial cannabis activity and establish different tax rates for medicinal and recreational adult use.
- D. Tax of Cultivation Type Commercial Cannabis Activities.

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(4) The current tax rate for outdoor cultivation is three percent (3%) of gross receipts. The rate shall increase to three and half percent (3.5%) of gross receipts on July 1, 2025, and four percent (4%) of gross receipts on July 1, 2026.

(5) The current tax rate for indoor cultivation is three percent of gross receipts. The rate shall increase to three and half percent (3.5%) of gross receipts on July 1, 2025, and four percent (4%) of gross receipts on July 1, 2026.

(6) The current tax rate for mixed-light cultivation is three percent of gross receipts. The rate shall increase to three and half percent (3.5%) of gross receipts on July 1, 2025, and four percent (4%) of gross receipts on July 1, 2026.

Section 2. Pursuant to California Government Code section 25123(c), the amendments to this ordinance shall become effective immediately upon final passage.

Section 3. The adoption of this Ordinance is exempt under California Environmental Quality Act (CEQA) based on CEQA Guidelines §15060(c)(2), and §15061(b)(3) as it can be seen with certainty that there is no possibility that the modifications to the Cannabis tax rates will have a significant effect on the environment, and this change will not result in a direct or reasonably foreseeable indirect physical change in the environment. This ordinance also falls within a category of activities excluded from the definition of a project pursuant to CEQA Guidelines §15378, as it relates to funding and fiscal activities not involving a commitment to any specific project.

Section 4. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Ordinance. The Board of Supervisors hereby declares that it would have passed this Ordinance and every section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held on the 16th day of July, 2024, by the following vote of said Board:

ATTEST

Kim Dawson

Clerk of the Board of
Supervisors

By

Kim Schaffert
Deputy Clerk

Ayes: Thomas, Hidahl, Parlin, Laine

Noes: None

Absent: Turnboo

Wendy Thomas

Wendy Thomas, Chair, Board of Supervisors

**APPROVED AS TO FORM
DAVID LIVINGSTON
COUNTY COUNSEL**

By: *[Signature]*

Title: Deputy County Counsel Jefferson Billingsley