

County keeps cannabis tax at 6 percent

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A motion failed to reduce Del Norte County’s cannabis retail tax to two percent in order to compete against non-taxed cannabis retail businesses in Crescent City, and will instead remain at six percent.

“When I spoke with City Manager (Eric) Wier yesterday as to why they landed there (not imposing a tax), he said that they wanted to promote business,” said Commissioner Valerie Starkey, who made the first motion to reduce the retail tax to two percent.

“There’s some truth to this, right?” asked Chair Chris Howard. “It is a barrier to business, and if we are causing some harm, potentially, that is something for us to consider.”

Currently, Sticky Grove marijuana dispensary is the only cannabis retailer operating within unincorporated Del Norte County.

Robert Derego, who owns the company, stated he and his wife work full time to bring in a combined salary of about \$40,000.

In comparison, Del Norte County received about \$60,000 in tax revenue from their business, according to Barbara Lopez with the Del Norte County tax collector’s office.

“I can’t write off my rent and I can’t write off labor,” said Derego.

Derego added he employed three senior citizens pre-COVID, but likely won't be able to bring them back on staff.

In 2018, Measure B was approved by 62.75% of the voters. The measure enacted a 2-6% gross receipts tax on non-medicinal retail business; a 1-3% gross receipts tax on cannabis manufactures; a \$1 per square foot tax for outdoor cultivators; and a \$3 per square foot tax on indoor cultivators. Each year, the commission votes on what the tax rates should be.

Prior to its passage, Del Norte County banned commercial cannabis activity.

Derego said to the commissioners that prior to Measure B's passage, he was informed that retail cannabis would likely only move forward if it could be taxed.

"That's kind of like somebody's gotta get their beak wet," Derego said. "The community was led to believe that they were voting for pot, but pot was banned by you guys. I got shut down and everything, you guys remember?"

Derego added, however, that he wouldn't mind the retail tax staying at its current rate of 6%, if he knew that the proceeds weren't limited to going back into the county's general fund.

"I wouldn't mind if you either put it towards Sunset High School - helping disadvantaged youth there - or whether it hires a mentor or sponsors a program," Derego said. "I heard they would like a zip line. Or, it could go to First Five or to one of the school district's music departments. I would be OK with that."

County staff responded the tax proceeds could be allocated to fund a community resource, but that the decision would be for one year and wouldn't bind the funds in future years.

The commissioners who voted to keep the tax rate at current levels didn't discuss the possibility of allocating the funds outside of the general fund, and passed the measure without discussion.