



**MONTEREY COUNTY TAX COLLECTOR**  
**MARY A ZEEB, TREASURER – TAX COLLECTOR**

PO. BOX 891, SALINAS, CA 93902-0891

PHONE: 831.755.5017; FAX: 831.759.6623

EMAIL: [BUSINESS.TAX@CO.MONTEREY.CA.US](mailto:BUSINESS.TAX@CO.MONTEREY.CA.US)

---

## **Administrative Rules and Procedures - Commercial Cannabis Business Tax**

### Background

Monterey County's commercial cannabis business tax measure, Measure Y, was approved by a majority of the voters at the general election held on November 8, 2016. The commercial cannabis business tax is codified at Chapter 7.100 of the Monterey County Code (MCC). Pursuant to MCC Section 7.100.050(B)(1), the tax became operative on January 1, 2017. The commercial cannabis business tax is imposed on a fiscal year basis and is due and payable in quarterly installments as detailed in MCC Section 7.100.060.

MCC Section 7.100.140(B) authorizes the Treasurer-Tax Collector to promulgate administrative rules and procedures consistent with the purpose, intent, and express terms of Chapter 7.100. Such rules and procedures are detailed below.

### Administrative Rules and Procedures

Beginning January 1, 2017, all persons or entities engaged in commercial cannabis business activities as described in MCC Section 7.100.030(A) and (B) shall be subject to the annual tax. These activities include cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing cannabis in the unincorporated area of the County. This includes operations currently engaged in commercial cannabis business activities that have not yet obtained the required County permits or state licenses.

All persons and entities engaged in commercial cannabis activities, as defined above, shall immediately self-report such activities to the Monterey County Resource Management Agency (RMA) - Planning Services using the Treasurer-Tax Collector's Commercial Cannabis Business Tax Self Reporting Form. The commercial cannabis business shall disclose the type, nature, location, and size of the cannabis operation. The completed self reporting form should be emailed to [cannabis@co.monterey.ca.us](mailto:cannabis@co.monterey.ca.us). If mailing hardcopies, please send to: Monterey County RMA c/o Jackie Nickerson, 168 W Alisal, 2<sup>nd</sup> Floor, Salinas, CA 93901.

For cultivation in particular, nurseries excluded, the initial tax rate effective January 1, 2017 through June 30, 2020 is fifteen dollars (\$15.00) per fiscal year, per square foot of canopy, not deducted for unutilized square footage, as reported to RMA - Planning Services by the commercial cannabis business. The self-reported canopy size will serve as the basis of the tax computation until such time as the cannabis business obtains the necessary County permits.

For cultivation of nurseries, the initial tax rate effective January 1, 2017 through June 30, 2020 shall be set at two dollars (\$2.00) per square foot of canopy, not deducted for unutilized square footage, as reported to RMA - Planning Services by the commercial cannabis business. The self-reported canopy size will serve as the basis of the tax computation until such time as the cannabis business obtains the necessary County permits.

For all other commercial cannabis activities such as dispensing, manufacturing, testing, transportation, distributing or engaging in delivery of cannabis, the initial tax rate effective January 1, 2017 through June 30, 2020 shall be set at 5 percent (5%) of the gross receipts per fiscal year. These gross receipts shall be reported according to the requirements in MCC Sections 7.100.050(D) and 7.100.060.

***Any person or entity engaged in commercial cannabis business activities that does not self-report such activities to RMA - Planning Services may be subject to retroactive taxation as determined by the Treasurer-Tax Collector.***

*Furthermore, such commercial cannabis business may be subject to penalties and interest pursuant to MCC Section 7.100.100. More specifically, a penalty equal to twenty-five percent (25%) of the amount of the tax, in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at the rate of one and one-half percent (1.5%) per month. If the tax remains unpaid for a period exceeding one calendar month beyond the due date, an additional penalty equal to twenty-five percent (25%) of the amount of the tax, plus interest at the rate of one and one-half percent (1.5%) per month on the unpaid tax and on the unpaid penalties. Interest shall be applied at the rate of one and one-half percent (1.5%) per month on the first day of the month for the full month, and will continue to accrue monthly on the tax and penalty until the balance is paid in full.*

Please be advised that payment of the commercial cannabis tax does not in any way affect any requirements for any permit or license required by the County or the State of California.

Please contact the Treasurer-Tax Collector's Office with any questions concerning the above.