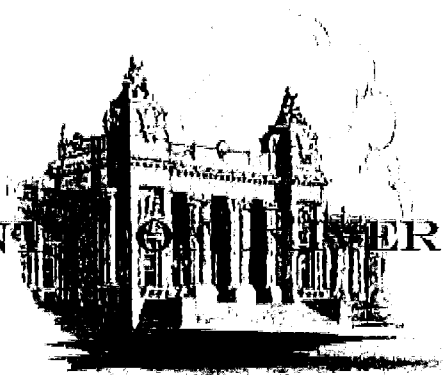


COUNTY OF RIVERSIDE



Board of Supervisors

District 1	Kevin Jeffries 951-955-1010
District 2	John F. Tavaglione 951-955-1020
District 3 <i>Chairman</i>	Chuck Washington 951-955-1030
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District 5	Marion Ashley 951-955-1050

March 29, 2018

The Honorable Autumn Burke, Chair
Assembly Revenue and Taxation Committee
State Capitol
Sacramento, CA 95814

Re: AB 3157 (Bonta/Lackey): Taxation: cannabis
As amended 3/22/18 – SUPPORT
Per Legislative Platform
Awaiting hearing – Assembly Revenue and Taxation Committee

Dear Assembly Member Burke:

On behalf of the Riverside County Board of Supervisors, I write to express our support for Assembly Bill 1222, Assembly Members Rob Bonta's and Tom Lackey's measure that would temporarily lower California's total tax on cannabis by decreasing the cannabis excise tax from 15% to 11% and suspending the cultivation tax for three years. The County is concerned about California's relatively high rate of cannabis taxation driving sales to the underground market, particularly when local taxes are added.

The County of Riverside, like many local governments in the state, is in the process of developing local regulations for the cultivation, distribution, and sale of recreational and medical cannabis. While those conversations have included discussions about a local tax, the County has strong concerns about driving consumers to the underground market due to overtaxation, generating less revenue for the state and local jurisdictions.

Colorado, Washington, and Oregon have all taken steps to reduce their cannabis tax rates, after initial rates of 30 percent or more did not reduce the underground market sufficiently. More recent ballot initiative proposals across the country propose rates between 10 and 25 percent. There is a growing body of research highlighting that consumers in the legalized cannabis market are strongly price sensitive. We agree that California should take steps to help cannabis producers, sellers, and consumers enter the legal market and AB 3157 is an appropriate step to that end.

The Honorable Autumn Burke
March 29, 2018
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For these reasons, the County of Riverside supports AB 3157. If you have questions or concerns, please contact Brian Nestande, Deputy County Executive Officer, at bnestande@rivco.org.

Sincerely,



Chuck Washington
Chairman, Riverside County Board of Supervisors

cc: Members and Consultants, Assembly Revenue and Taxation Committee
The Honorable Rob Bonta, California State Assembly
The Honorable Tom Lackey, California State Assembly
Riverside County Legislative Delegation