



EL DORADO COUNTY

COMMERCIAL CANNABIS ACTIVITIES TAX FREQUENTLY ASKED QUESTIONS

TREASURER – TAX COLLECTOR
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Pursuant to El Dorado County Ordinance Code, Title 3, Revenue & Finance, Chapter 22 Taxation of Commercial Cannabis Activities.

Commercial Cannabis Activities Tax Frequently Asked Questions (FAQ's)

What commercial cannabis business activities are subject to the tax?

Each person engaged in any commercial cannabis activity in the unincorporated area of the County shall pay Commercial Cannabis Activities Tax. "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." §3.22.040B

"Commercial cannabis activity includes any activity involving the propagating, cultivating, harvesting, processing, drying, curing, storing, trimming, manufacturing, packaging, labeling, transporting, delivering, possessing, distributing, or laboratory testing of cannabis or cannabis products for the sale, distribution, gifting, or donating to any other person regardless of whether the activity involves medicinal or adult recreational cannabis or cannabis products, is operated for profit, or is in compliance with state laws and regulations. "Commercial cannabis activity" does not include any activity expressly allowed under Business and Professions Code §26033, Health and Safety Code §11362.1, and County Code Title 130, Article 9, §130.14.260 (Outdoor Medical Cannabis Cultivation for Personal Use) or the transportation of cannabis or cannabis products through the County without delivery within the County on public roads by a transporter licensed under state law." §130.41.100 (2)

In addition to cannabis, I sell other products such as t-shirts. Are all my sales taxable?

Yes. Retail sales of ancillary products sold are taxable and payable to the Department of Tax and Fee Administration. Contact information: <https://www.cdtfa.ca.gov/> or (800) 400-7115.

My business is located outside the unincorporated area of El Dorado County yet engages in commercial cannabis activities within the unincorporated area of El Dorado County. Does the Cannabis Activities Tax apply to my business?

Yes. The El Dorado County's Commercial Cannabis Activities Tax requirements apply to any business engaging in commercial cannabis business activities within County's unincorporated limits. This includes businesses that do not have a physical presence within the unincorporated area of El Dorado County. Additional information can be found on [Form CA 406 Cannabis Tax Apportionment Info](#), this form can be found at https://www.edcgovus/Government/TaxCollector/pages/commercial_cannabis_tax_info.aspx.

I own multiple commercial cannabis businesses. Are transactions between each business taxable?

For any sale of cannabis or cannabis products in a non-arm's length transaction, such as the sale between a distributor, manufacturer, or retailer that are affiliated or under common ownership, the annual gross receipts for such transactions shall be based on the product's fair market value as if it were sold in an arm's length transaction. §3.22.040 J

The El Dorado County Cannabis Activities Tax Program is providing this information as general guidance on the County's Taxation of Commercial Cannabis Activities Ordinance. This information is provided as a public service and should not be construed or relied upon in any way as legal advice. Although we make every effort to correct any errors brought to our attention, please refer directly to the full text of the Ordinance:

<https://www.edcgov.us/Government/planning/Cannabis/Pages/Cannabis---Policy.aspx>

What medical cannabis sales are excluded from the tax?

Only two types of sales qualify as medical marijuana activities excluded from the Commercial Cannabis Activities Tax: (1) “personal use of cannabis that is expressly exempted from state licensing requirements, and for which the individual receives no compensation whatsoever related to that personal use, including, personal adult, recreational use, as defined by Health and Safety Code §11362.1, as may be amended, or personal medicinal use, as defined by Health and Safety Code §11362.7 et seq., as may be amended.” §3.22.050B; (2) “personal use of cannabis that is expressly exempted from state licensing requirements, and for which the individual receives no compensation whatsoever related to that personal use, including, personal adult, recreational use, as defined by Health and Safety Code §11362.1, as may be amended, or personal medicinal use, as defined by Health and Safety Code §11362.7 et seq., as may be amended.” §3.22.050 C

What are tax rates for cannabis activities?

Cultivation:

Outdoor – \$2.00 per square foot

Mix Light – \$4.00 per square foot

Indoor – \$7.00 per square foot

Nurseries – 4% on Gross Receipts

Manufacturing:

Level 1 – 2.5% on Gross Receipts

Level 2 – 0.0% on Gross Receipts

Retail Store or Delivery Only – 4% on Gross Receipts

Distributor – 2.0% on Gross Receipts

Testing Laboratories – 0.5% on Gross Receipts

Should I include state excise taxes and sales taxes to my gross receipts used to compute the County’s Cannabis Activities Tax?

No. For the purpose of the Commercial Cannabis Activities Tax, gross receipts shall have the same meaning as set forth in California Revenue and Taxation Code §6012. Taxes required by law to be included in or added to the purchase price and collected from the consumer or purchaser should be excluded from gross receipts.

When are Cannabis Activities Taxes due?

Cannabis Activities Taxes are to be remitted monthly. Full payment must be made on or before the last day of the month for the previous month’s activity. In the event the last day of the month falls on a weekend or recognized County holiday, a payment made on the next regular business day in which the Treasurer-Tax Collector’s office is open will be considered timely.

How do I submit my tax payment?

All payments require an appointment by calling (530) 621-5433 and will be paid at the Tax Collector's office located at 360 Fair Lane, Placerville, California.

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Are there penalties for late payment?

Yes. A penalty of 12.5% of the amount of the tax owed plus interest of 1.5% will be assessed for taxes not paid by the due date. Unpaid taxes outstanding for a period exceeding one calendar month beyond the due date will be assessed an additional 12.5% penalty and monthly interest of 1.5% will be due on taxes, previous penalties and interest. Failure to remit Cannabis Activities Tax to the Tax Collector may also result in the revocation of the County-issued Business License and Commercial Cannabis Permits required to operate a commercial cannabis business, and a lien on the real property of the commercial cannabis business owner.

I do not have any taxable gross receipts for the month. Am I still required to submit Cannabis Activities Tax Remittance Form?

Yes. All commercial cannabis businesses must remit a completed Cannabis Activities Tax Remittance Form to the Tax Collector's Office monthly no later than the due date.

Does the issuance of a Business License and payment of associated taxes give me authorization to operate a cannabis business?

No. A commercial cannabis business must obtain a Business License after Commercial Cannabis Permits have been approved. The Business License is not an authorization to operate a commercial cannabis business. A commercial cannabis business is subject to the Cannabis Activities Tax regardless of whether it is authorized to operate. In addition to any requirements imposed by the State of California, a commercial cannabis business in El Dorado County must obtain a Commercial Cannabis Annual Operating Permit and Commercial Cannabis Use Permit to operate in the unincorporated areas of El Dorado County. Please visit the following website for permitting information: <https://www.edcgov.us/Government/planning/Cannabis>.

Do I need to provide documentation with my monthly remittance supporting my gross receipts?

No, documentation is not required when submitting your monthly remittance; however, as required by El Dorado County Code §3.22.210 all business records must be maintained by the Operator for a minimum of seven calendar years. All businesses are subject to audit by the Tax Collector and must produce records necessary to determine the amount of tax due.

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