

## Recommended Commercial Cannabis Tax Rate Adjustments Table

Commercial Cannabis Business Activity	Gross Receipts Tax Rate	Gross Square Footage Tax Rate
Consumption Lounges and Temporary Consumption and/or Special Events) (effective beginning January 1, 2023)	8%	\$ 0.00
Cultivation (effective December 21, 2018 through December 31, 2022)	6%	\$ 10.00
Cultivation (effective beginning January 1, 2023)	1%	\$ 7.00
Distribution (effective December 21, 2018 through December 31, 2022)	6%	\$ 4.00
Distribution (effective beginning January 1, 2023)	1%	\$ 3.00
Manufacturing (effective December 21, 2018 through December 31, 2022)	6%	\$ 10.00
Manufacturing (effective beginning January 1, 2023)	1%	\$ 3.00
Shared Manufacturing (effective beginning January 1, 2023)	1%	\$ 0.00
Microbusinesses (Tax rates apply proportionally to microbusiness' activities corresponding to Retail / Cultivation / Manufacturing / Distribution - effective September 3, 2019 through December 31, 2022)	Retail 8% Cultivation, Distribution & Mfg. 6%	Retail \$ 25.00 Cultivation & Mfg. \$ 10.00 Distribution \$ 4.00
Microbusinesses † (effective beginning January 1, 2023)  † \$2,000 Basic Tax Rate assessment to be reduced for microbusinesses to a single levy on a microbusiness' dominant gross receipts activity.	Retail 8% All Others 1%	Retail \$ 25.00 Cultivation \$ 7.00 Distribution & Mfg. \$ 3.00 Shared Mfg. \$ 0.00

Note:

- Shared manufacturers work in a shared-use facility operated by a commercial cannabis manufacturer. Shared manufacturers can:
  - Extract cannabis using butter or cooking oils
  - Make cannabis products through infusion
  - Package and label cannabis

- Microbusiness are a single commercial cannabis businesses license type allowing for at least three of the following activities at one location:

1. Cultivation – up to 10,000 total square feet
2. Manufacturing – use of non-volatile solvents, mechanical extraction or infusion
- 3 Distribution or distribution transport-only
- 4 Adult Use Retail – storefront or non-storefront. ‡

‡ - Santa Ana restricts to storefront retail, and only for pre-existing adult use retailers seeking to expand into a microbusiness.