
Item Number: 2.1

MEETING DATE: **08/25/2026**

DEPARTMENT: COUNTY COUNSEL

AGENDA ITEM PREPARER: Rebekah Mojica

DEPT HEAD/DIRECTOR: Gregory P. Priamos

SUBJECT:

COUNTY COUNSEL - G. P. PRIAMOS
1. Adopt an Ordinance titled, "An Ordinance of the San Benito County Board of Supervisors Amending Article V of Chapter 5.03 of Title 5 of the San Benito County Code to Implement the Voter-Approved Amendment to the Cannabis Business Activities Tax Approved By the Voters at the June 2, 2026 Statewide District Primary Election;" and
2. Authorize the Chair of the Board of Supervisors to Sign the Ordinance; and
3. Provide Direction Regarding the Cannabis Cultivation Business Activities Tax Rate to be Established Within the Voter-Approved Range of $1,000 to $10,000 per acre; and
4. Adopt a Resolution Establishing the Cannabis Cultivation Business Activities Tax Rate Consistent with Board Direction; and
5. Authorize the Chair of the Board of Supervisors to Sign the Resolution.

SBC FILE NUMBER.: 160
ORDINANCE NO.: 1098
RESOLUTION NO.: 2026-112

AGENDA SECTION:

PUBLIC HEARING

BACKGROUND/SUMMARY:

On June 5, 2018, the voters of the unincorporated area of San Benito County approved Measure C, which enacted Article V of Chapter 5.03 of Title 5 of the San Benito County Code and authorized the County to impose a cannabis business activities tax on cannabis businesses operating in the unincorporated area of the County.

On February 24, 2026, the Board of Supervisors adopted Resolution No. 2026-28, submitting to the voters an amendment to the County's Cannabis Business Activities Tax. Resolution No. 2026-28 identified the measure as a general tax and set forth the proposed modification to the cannabis cultivation tax structure. The resolution expressly provided that the tax would continue to be collected by the County Treasurer-Tax Collector in accordance with the San Benito County Code and that the method of quarterly collection and administration would remain unchanged.
Resolution No. 2026-28 also expressly set forth the cannabis cultivation tax rate range to be presented to the voters. The measure proposed to adjust the County's cannabis cultivation business tax in the unincorporated area to a minimum rate of $1,000 per acre and a maximum rate of $10,000 per acre for each cannabis cultivation activity category identified in the resolution.
The ballot question submitted to the voters stated:

"With cannabis cultivation allowed in San Benito County but not generating tax revenue, shall an ordinance be adopted to amend Article V of Chapter 5.03 of the Code to adjust the County's cannabis business tax rate in the unincorporated area by adjusting the current rate to a $1,000 to $10,000 per-acre rate with revenue for general fund services like law enforcement, fire protection, road improvements, and other essential community needs without raising taxes on residents?"

The measure was submitted to the qualified voters of the unincorporated area of San Benito County at the June 2, 2026 Statewide Direct Primary Election. The voters approved the measure by the required majority vote. Following the election, the Board declared the results in accordance with applicable provisions of the Elections Code.

The ordinance before the Board does not impose a new tax, expand the tax beyond the voter-approved parameters, change the method of collection, or alter any non-cultivation cannabis business tax rates. Instead, the ordinance is intended to conform the San Benito County Code to the measure approved by the voters by revising the cannabis cultivation tax rate table to reflect the voter-approved rate range set forth in Resolution No. 2026-28 and reflected in the ballot language. The specific rate within that range will be established by resolution of the Board of Supervisors.

Government Code section 53739 authorizes an ordinance or resolution submitted to the voters to state a range of tax rates or amounts. Consistent with Resolution No. 2026-28 and the voter-approved measure, the implementing ordinance confirms that the Board of Supervisors may, by resolution, establish the specific cannabis cultivation business activities tax rate within the voter-approved range of $1,000 to $10,000 per acre.

On August 11, 2026, the Board of Supervisors introduced the ordinance and directed staff to return the ordinance and directed staff to return the ordinance for adoption at the August 25, 2026 regular meeting. If adopted on August 25, 2026, the ordinance will become effective 30 days thereafter, on September 24, 2026.

At the August 11, 2026 meeting, the Board introduced the implementing ordinance but did not establish a specific cannabis cultivation business activities tax rate. The voter-approved measure establishes a range of $1,000 to $10,000 per acre and authorizes the Board of Supervisors to establish the applicable rate within that range. Accordingly, staff is requesting that the Board provide direction regarding the specific cannabis cultivation business activities tax rate and adopt the accompanying resolution establishing the rate consistent with Board direction.

The accompanying resolution establishing the specific cannabis cultivation business activities tax rate should become effective concurrently with the implementing ordinance on September 24, 2026. This will allow the Board-selected rate to take effect at the same time as the amendments to the County Code implementing the voter-approved measure.

FISCAL IMPACT:

Approval of the ordinance will amend the San Benito County Code to reflect the voter-approved cannabis cultivation business activities tax rate range of $1,000 to $10,000 per acre. Adoption of the accompanying resolution will establish the specific tax rate within that range, as directed by the Board.

The amount of revenue generated will depend on the rate established by the Board, the number and type of cannabis cultivation businesses operating in the unincorporated area, the acreage or taxable canopy subject to the tax, and compliance and collection activity. The voter-approved measure identified potential uses of the revenue for general fund services, including law enforcement, fire protection, road improvements, and other essential community needs. Once the ordinance and rate-setting resolution become effective, revenues will be deposited into the County General Fund and may be used for general governmental purposes.

STAFF RECOMMENDATION:

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2. Authorize the Chair of the Board of Supervisors to Sign the Ordinance; and
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ATTACHMENTS:

Agenda Fact Sheet -Cannabis Tax
Ordinance - SBC Cannabis Tax
Resolution - SBC Cannabis Tax Rate
Resolution 2026-28