

To whom it may concern:

I write this letter to plea to the city council to eliminate cultivation tax in the city of Long Beach. Modernizing tax policy is sweeping discussions up and down the state. As you may or may not know the Governor himself supports sweeping tax reforms. While I would like the retail tax in due course..., I come to this body in a matter of urgency and my focus in on the farmers who are suffering from massive price compression.

Long Beach has been the leader in modernizing cannabis distribution, manufacturing, and testing. Almost every neighboring municipality carries similar tax rates as Long Beach. Reducing those business from 6% to 1% was leading in the industry and a great win for Long Beach. Note, revenue has been increasing since tax rates were lowered.

San Francisco has eliminated tax rates altogether. Sonoma has eliminated cultivation tax...I believe Humboldt heading to the same.

The State of California will likely bring forward a massive tax reform bill this week.

This request is the lowest hanging fruit. Cannabis tax revenue has exceeded expectations and with reform at the state, my hopes of the legal market will make it possible for even more revenue windfall for the city.

Long Beach is developing a great cannabis culture. We are fortunate enough to have Fresh Baked and Wonderbrett as two as the larger more respected cannabis brands in California as part of the Long Beach Cannabis culture. Fresh Baked usage of #LONGBEACHFARMERS has LBC cannabis war cry all over the state. In much the ways, I'm sure the Coors is happy to be the face of the Rockies (although LBC fire grown weed shall not be compared to Coors in that way lol) ...the analogy holds and there will be cannabis companies with that potential if you do not continue to suffocate them. The farmers compete in statewide marketplace. They need help.

Let's protect them and their futures at very low cost to the city. Council knows from my past positions; I have been fair minded on this issue and willing to evolve based on certain conditions and circumstance. Against the orthodoxy of some competitors, Catalyst pushed forward a proposal to pay a temporary 0.5% in additional taxes only while we were crushing it during the pandemic. Although it did not ultimately pass, the logic was that the city desperately needed the revenue and businesses impacted by pandemic closures like restaurants, tattoo parlors, nail salons, and bars were in dire straits.

Now, the world has changed. Farmers are on the brink of disaster. We have a cannabis tax surplus and we just received \$3.9 million in additional funding. I believe that the policy that Catalyst has set forth in the industry has proven that, over time when looking back, it has been levelheaded, unbiased, and always on the cutting edge of where things are headed in the industry.

It's time to end the tax on cannabis farmers. End the cultivation tax immediately. Support our farmers. Thank you for your consideration.