



## City of Grass Valley City Council Agenda Action Sheet

---

**Title:** Resolution No. 2024-16 Temporarily Decreasing the Additional Business Taxes Collected from Cannabis Businesses within the City of Grass Valley for High Potency Cannabis and Cannabis Products.

**CEQA:** Not a Project.

**Recommendation:** That Council adopt Resolution No. 2024-16 to temporarily decrease the additional business taxes collected from cannabis businesses operating within the City of Grass Valley for high-potency cannabis products for five years.

---

**Prepared by:** Timothy M. Kiser, City Manager

**Council Meeting Date:** April 9, 2024      **Date Prepared:** April 1, 2024

**Agenda:** Consent

**Background Information:** On February 9, 2024, the City of Grass Valley received correspondence from Grass Valley Provisions, LLC (Provisions), highlighting the adverse effects of the City's implemented Tetrahydrocannabinol (THC) and sweetened cannabis beverages taxes. The tangible impact of this THC tax becomes apparent when comparing customer receipts between Grass Valley and neighboring Nevada City. For instance, locally manufactured cannabis cartridges containing 1 gram of 90.13% THC cannabis oil are priced at around \$45. In contrast, the same item purchased in Nevada City amounts to \$57.58, including all taxes, whereas in Grass Valley, it totals \$95.60. This stark contrast illustrates how the current tax structure places Provisions at a competitive disadvantage against neighboring retailers and illicit delivery services, which operate without tax obligations. Ultimately, these tax burdens will inevitably drive Provisions out of business if left unchanged.

On March 26, 2024, the City Council examined the draft resolution and directed staff to extend the duration of the temporary high-potency cannabis and cannabis product tax from two years to five years. The attached Resolution for Council consideration includes a provision suspending the supplementary THC tax for the entire five-year period.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #5 - High Performance Government and Quality Service.

**Fiscal Impact:** The exact fiscal impact on this item is unknown due to the discrepancy in price difference between the current THC extra tax and the ability to sell products.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** Tim Kiser, City Manager

**Attachments:**

- Letter from Grass Valley Provisions
- Resolution No. 2024-16