
From: Susan Gentile [mailto:susan@sightglassmgmt.com]
Sent: Thursday, September 13, 2018 3:04 PM
To: Sheri Hartz <shartz@emeryville.org>
Cc: Kristi Knoblich <kristi@sightglassmgmt.com>; Sean Campbell <sean@kivaconfections.com>
Subject: Cannabis Study Session -- white paper and comments

Sheri,

As a California cannabis company, with its distribution headquarters located here in Emeryville, Kiva Confections wants to thank the city of Emeryville for its work to lead the state's local jurisdictions to implement a sound cannabis ordinance. We appreciate the city's continued commitment to supporting the legal cannabis industry's mission to provide safe and affordable cannabis to consumers and patients.

In setting the city's proposed gross receipts tax on cannabis, we believe it is essential that the city of Emeryville pay close attention to tax rates and rules. If a given tax rate is more burdensome on companies operating in the cannabis industry than those from parallel industries, then, it should be held to a high degree of scrutiny.

In this case, scrutiny is especially warranted for reasons that are unique to California's cannabis industry:

- > First, unlike alcohol and tobacco, cannabis is often a medical product – often an essential one – and tax rates that increase prices will therefore have serious negative impacts on patients' health.
- > Second, California's unique history with cannabis has led to a marketplace that, in contrast to other American industries, is dominated by small, independent, community businesses. Burdensome regulations therefore have the potential to be extraordinarily disruptive to California's economy.
- > Third, the retail cost of regulated cannabis will be a key factor in determining the size and scope of the illicit market. From a supply-side perspective, the cost of regulatory compliance will have similar effects on the size of the black market.

Our hope is that the city will implement a reasonable gross receipts tax for supply chain and retail companies operating in the cannabis industry in order to alleviate these issues.

Attached is a white paper, authored by by Ross Gordon from California Grower's Association that provides insight into the impact of undue taxation on the cannabis industry's ability to provide affordable cannabis to patients and consumers as well as the state and local jurisdictions' ability to curtail the illegal cannabis industry. Please do share this paper with all members of the city council.

Please do not hesitate to reach out if you have questions for us. Also, Sean Campbell, Kiva Confections Director of Operations will be at Monday's study session with the city administration and council.

-- Sincerely,

Susan Gentile

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