

From: [Tristan Strauss](#)
To: [Osborne, Jenelle](#); [Cordova, Gilda](#); [Vega, Victor](#); [Starbuck, Dirk](#); [Ball, Jeremy](#); [Haddon, Stacey](#)
Subject: Public Comment #7 Oppose cannabis tax increases
Date: Monday, May 17, 2021 1:02:46 PM

Dear Lompoc City Administration,

As the President/CEO of Headwaters, we are strongly opposed to any changes in the existing tax structure for distribution, manufacturing and processing. Headwaters is California's premier bulk wholesaler cannabis distributor and also operates cultivation in Carpinteria. We have considerable expansion on the horizon.

We have made significant investments in this jurisdiction, predicated on the existing tax and rate framework. Headwaters signed leases in the City, instead of other jurisdictions, because of the City of Lompoc's competitive tax/rate structure. Most cannabis operators have not even had the opportunity to activate their operations, let alone finish the permitting and licensing process. An increase in the taxes/rate structure at this time is premature and unreasonable.

As more permits and license are issued, the cannabis industry will continue to provide significant benefits to this local community in the form of high paying jobs with exceptional benefits. These jobs are year-round, and provide local residents with reliable and cutting-edge jobs/employment opportunities

Unfortunately, if the City were to send an ordinance to the voters with an increased tax structure for manufacturing, processing or distribution, the industry would need to re-evaluate our existing investments, and consider relocating to a more competitive jurisdiction.

However, we appreciate, and support, the City's interest in enhancing cost recovery for the departments that review and approve cannabis licenses and permits. Therefore, we would support increasing licensing & permitting fees. This would provide City staff with additional resources and staff positions to process and approve licenses and permits.

In conclusion, we encourage the City to raise licensing and permitting fees for new applicants, but we do NOT support any changes to the existing tax/rates structure for existing applicants and operators. At a very minimum, we ask for more time to provide feedback to staff and your Council regarding how this proposal would impact our business and employees.

Thank you,
Tristan Strauss

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