



# Cannabis Licensing 2025-26 Proposed Budget

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# Presentation Overview



Our Mission



How We are Organized



Budget Overview



Fiscal & Staffing Details



Federal/State Risks & Emerging Issues



Request & Questions

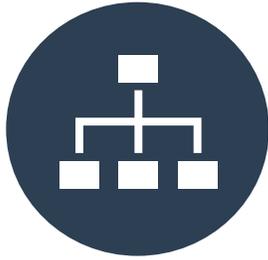


## **Our Mission**

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To create the licensing and regulatory framework, at the local level, that balances medical use, adult recreational use, and the health, safety and welfare of residents and businesses within Santa Cruz County, while reducing harm associated with illegal activities.

# Divisions & Services



ADMINISTRATION



LICENSING



COMPLIANCE  
(LEGAL  
OPERATORS)



ENFORCEMENT  
(ILLEGAL  
OPERATORS)

# Cannabis Licensing Summary of Proposed Budget

	2024-25 Adopted	2025-26 Proposed	Amount of Change	Percent Change
<b>Revenues</b>	\$353,000	\$303,00	-\$50,000	-14.16%
<b>Expenses</b>	\$852,001	\$813,321	-\$38,680	-4.54%
<b>General Fund Contribution</b>	\$499,001	\$510,321	\$11,320	2.27%
<b>Funded Staffing</b>	2.00	2.00	0.00	0%

# Major Budget Changes from Adopted Revenues

	Amount	Title of change in revenue
	\$ 150,000	Civil penalties from fines
	\$ 100,000	Licensing revenues from new fee structure

# Major Budget Changes from Adopted Expenses

	Amount	Title of change in expenditure/expense
↑	\$ 7,488	Negotiated salary and benefit increases
↑	\$ 6,263	GSD services & charges
↓	- \$ 29,276	Reduced costs of Sheriff services due to staffing change
↓	-\$ 9,500	Professional services contracts

# State & Federal Funding Risks



- **Federal Funding:** This budget does not receive direct Federal funding, but risks to other departments may impact the overall County budget and could require reductions to this budget at a later date.
- **State Cannabis Business Taxes:** State taxing increases will likely result in a 10-15% reduction in cannabis business taxes. This does not directly impact this budget but does impact General Fund revenues, which support this budget.
- **May Revise:** avoids increases to State licensing fees and shifts some funding to support enforcement activities against the illicit market.

# Emerging Issues

- **Cannabis Business Licenses:** Market adjustments by the cannabis industry and ordinance changes by the Board in 2024-25 resulted in business consolidations with reduced licenses being sought, impacting licensing revenues. A new licensing fee structure is being proposed in 2025-26.



## Cannabis Licensing Office

Approve the Proposed Budget for the County Counsel, including any Supplemental Materials, which includes

- Revenues of \$303,000
- Expenses of \$813,321
- General Fund Contribution of \$510,321
- Staffing of 2.00 funded FTEs

