



Irwin Ortiz &lt;irwin.ortiz@cityofwatsonville.org&gt;

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**City of Watsonville Amendment to Cannabis Business Tax Rates**1 message

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**Seth Smith** <seth@scva.us>  
To: cityclerk@cityofwatsonville.org  
Cc: Jason Sweatt <jason@scva.us>

Mon, Mar 8, 2021 at 11:57 AM

Dear Watsonville City Clerk's Office,

Please find attached a letter of support from Santa Cruz Veterans Alliance (SCVA) for the staff recommended amendments to the current City of Watsonville cannabis business tax rates - to be discussed at tomorrow's city council meeting.

I respectfully request that this letter be disseminated to all city council members at your convenience. Thank you for your time and assistance and have a great week.

Kind Regards,  
-Seth

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Seth Smith  
U.S. Navy OIF/OEF  
Chief Compliance Officer  
Santa Cruz Veterans Alliance - Charlie Mike, Inc.  
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**SCVA Letter of Support\_Watsonville Tax Amendments.pdf**  
265K



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Date: 9 March 2021

To: City of Watsonville Council Members and Staff

250 Main St.

Watsonville, CA 95076

RE: Letter of Support for the Staff-Recommended Amendments to Watsonville Cannabis Business Tax Rates

Dear Watsonville City Council Members and Staff:

My name is Jason Sweatt and I am the CEO and cofounder of Santa Cruz Veterans Alliance (SCVA). SCVA was the first cannabis business operator to receive a CUP for cannabis cultivation from the City of Watsonville and we were the first to become fully operational in 2018. I am writing to you to voice SCVA's support for the recommended amendments to the City of Watsonville Cannabis Tax Ordinance that would lower tax rates for cannabis cultivation and retail sales. I would also like to respectfully request that you consider lowering the cultivation (non nursery) tax further.

As the staff report on this issue acknowledges, cannabis companies must pay attention to costs like taxes when choosing where to locate and operate their businesses and, **"...Watsonville's tax rates are higher than any other jurisdiction in the area except for the manufacturing tax."** The City of Hollister, for example, has set its cannabis cultivation tax rate at **\$7 per square foot**, and in the City of Fresno the cultivation tax rate is **\$6 per square foot**.

Lowering the City of Watsonville cannabis cultivation tax rate to compete with these cities would not only attract new business, it would also allow existing cannabis cultivators in the city to reinvest those funds back into their businesses through additional local hiring and expansion of existing facilities. It would also make the city's existing businesses more attractive to potential sources of investment, which would impact our ability to hire additional staff and build out new facilities quickly.

I would like to thank city staff for preparing this report and the city council for considering these amendments. SCVA hopes to grow in and with the City of Watsonville for many years to come.

Respectfully,

Jason Sweatt

CEO, SC Veterans Alliance