



Cannabis businesses call for tax relief after run of robberies

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Cannabis businesses in Oakland, Calif. that were damaged and had cash and product stolen during a spate of robberies earlier this month are asking for tax relief from both local and state agencies.

Cannabis retail businesses targeted during a recent robbery and looting spree in the Bay Area — which includes communities like San Francisco and Oakland — need assistance “to recover and sustain their operations,” notes Supernova Women, a non-profit aimed at empowering Black and Brown people to become self-sufficient shareholders in the cannabis and natural plant medicine space.

Supernova Women reports that 15 licensed cannabis businesses in Oakland, including both stores and offices, were vandalized during the week of Nov. 15. These businesses included cultivation, manufacturing, distribution and retail operations, notes the group statement.

The culprits made off with products worth a lot of money, the group contends, adding that the police report such efforts are often coordinated and involve many individuals and organized gangs. “Cumulatively, these small and mostly Equity-licensed businesses are now faced with over \$5 million in losses,” Supernova Women maintains.

“In a year when the pandemic and global supply chain disruptions have hampered business growth and sustainability, the recent robberies mark another significant challenge to small cannabis businesses,” the statement notes. “They also threaten the viability of a retail cannabis industry in Oakland.”

Henry Halston Jr., co-founder of cannabis brand James Henry, called the recent incidents heartbreaking and stomach-turning. “The damage and stolen goods represent significant losses

that we have to find a way to cover. This includes local and state taxes on the inventory that has been stolen. This one might be too much for us to overcome,” Halston says in the press release.

“Piling on and increasing taxes and now the threat of robberies and violence is proving to be unbearable for most cannabis operators,” says Amber Senter, co-founder and chairman of Supernova Women. “We need more protection, and we need more funds and resources to improve security so that we can protect ourselves,” Senter adds.

Information from the California government notes that retailers must “pay sales tax and cannabis excise tax on all taxable sales despite the loss of cash due to theft... If cannabis or cannabis products are stolen from a retailer, the cannabis excise tax may not be owed.”

In general, a 15 per cent excise tax is imposed on retail purchasers of all cannabis and cannabis products, the information states. “As a retailer, you are required to pay the cannabis excise tax to your distributor and collect the cannabis excise tax from your customers,” it explains.

Cultivators, for their part, will start paying US\$10.08 (\$12.90) per dry-weight ounce (28 grams) of flower starting in 2022.

The Cato Institute notes the state further an 8.5 per cent sales tax on recreational marijuana consumers, but not medical weed users.

In an Instagram post, Supernova Women argues that “regular Oakland businesses pay 0.12 per cent. Where is our representation that reflects this unbalanced taxation?” Pointing out that “cannabis needs reduced taxes to stay afloat,” the post adds, “If we want to see the cannabis economy grow to its full fruition, these security issues need to be stamped out quickly.”

The Cato Institute recommends that California policymakers should deregulate the industry and lower taxes. “If cannabis is formally legal, but severely restricted by government action, the effects are similar to prohibition,” it adds.

A Supernova Women Facebook post today reports: “In light of the rash of burglaries affecting every type of cannabis business in Oakland, we along with Equity Trade Certification will be opening the Cannabis Equity Relief Fund (C.E.R.F) to BIPOC and Social Equity Operators who have been affected.”

Helping cannabis operators stay in business “is helping to keep big tobacco and big pharma OUT of our business,” the group argues.

“With little to no help from insurance companies, we will band together to rebuild our businesses. Products, property, morale and all.”