

2023 CANNABIS TAX REBATE PROGRAMS

On December 10, 2019, the City Council formally adopted four different tax rebate programs totaling nine separate and distinct conditions upon which a cannabis business would be entitled to the rebate of a portion of the taxes paid in 2023 if the business meets the required conditions.

Question 1: What are the conditions for the Cannabis Business Tax Rebate Programs?

Answer:

2023 CANNABIS BUSINESS TAX REBATE PROGRAMS			
Rebate Program	Rebate Conditions	Qualifying Period	Rebate Amount
Local Hiring Rebate (5.04.267.B.2.a.)	i. 30% of workforce consists of "Equity Employees"	182 Days	0.50%
	II. 25% of workforce consists of Equity Employees in "Essential Roles"	182 Days	0.50%
	III. 20% of workforce consists of Equity Employees in "Managerial Roles"	182 Days	0.50%
Equity Supply Chain (5.04.267.B.2.b.)	I. 30% of value of cannabis products delivered to the business were delivered by an Equity Businesses	365 Days	0.50%
	II. 25% of value of cannabis products delivered to the businesses were originally cultivated or manufactured by an Equity Business	365 Days	0.50%
Workforce Quality of Life (5.04.267.B.2.c.)	I. \$20/hr. with health benefits or \$25/hr. without health benefits for all employees employed	365 Days	0.50%
	II. 80% of total employees are full-time employees	365 Days	0.25%
Incubation (5.04.267.B.2.d.)	I. Provide free rent to Equity Business beyond the initial three-year period	Year 4th	0.5% - 1.50%*
	II. Provide free rent to Equity Business in the tax year but does not seek "permitting priority"	365 Days	0.5% - 1.50%*
	* Incubation Rebate Amount is based on 2022 total gross receipts: Less than \$2M = 1.5%; Up to \$7.5M = 1%; Greater than \$7.5M but less than \$12.5M=0.5%; Greater than \$12.5M = no rebate.		
IMPORTANT NOTE: In no case will a business be entitled to any rebates that would reduce the overall tax rate of less than 2.5% for 2023 Tax Year or 2022 Tax Year for those cannabis businesses established in 2022; In other words, a cannabis business would be subject to pay the floor/minimum tax rate of 2.5% regardless of the number or the amount of the tax rebates.			

Taxpayer has (1) year from date of tax payment to file for a refund claim. Please refer to Oakland Municipal Code Sections 5.04.510 and 5.04.270. Oakland Municipal Code can be found by visiting www.OaklandCA.gov

Question 2: Are there other required conditions for a cannabis business to be eligible for the tax rebates?

Answer: To be eligible for any rebate programs, the cannabis business must have timely and fully paid all business taxes owed for the year, including those that are on payment plans (payment plans are administered by the Revenue Audit and monitored by Revenue Administration).

Question 3: How will the tax rebate programs be administered?

Answer: The tax rebate programs are essentially a refund of the taxes paid. Cannabis businesses must request for rebate/refund of the taxes paid. Depending on the rebate programs, rebate/refund could occur soon after the first qualifying period has lapsed (182 days).

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