

Communication from Public

Name: Jerred Kiloh

Date Submitted: 09/23/2020 09:09 AM

Council File No: 20-0948

Comments for Public Posting: UCBA would like to submit this letter into the council file.



September 22, 2020

Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Re: Cannabis/DCR – Response to Proposed Furloughs FY 20-21 (C.F. No. 20-0948)

Dear Members of the Los Angeles City Council:

The United Cannabis Business Association (UCBA) is the premier trade association representing California's licensed retailers, and we are the leading voice for legal cannabis in the state. We work with cannabis cultivators, manufacturers, and distributors to protect and enhance the vitality of our industry.

UCBA is sensitive to the City's budgetary crisis during these unprecedented times. Our industry is committed to being a partner now more than ever, generating vital tax revenues for the City. As you know, inclusive of deferred FY 2019-20 receivables, the licensed commercial cannabis industry is projected to remit \$99 million in business taxes, \$30 million in related sales tax receipts, and \$17 million from cannabis license fees and fines this fiscal year. As more cannabis businesses are licensed in the City, we expect this revenue to continue to grow.

As stated in the September 14, 2020 letter from the Department of Cannabis Regulation to the members of the Budget and Finance Committee:

DCR's personnel are fully special funded. Furloughing DCR personnel for 18 days will generate \$236,610 in special fund salary savings. These furloughs will negatively impact DCR's day-to-day operations and consequently lead to licensing and payment processing delays that will negatively impact General Fund business and sales tax revenue collection. Approximately \$8.5 million in budgeted General Fund tax revenue will not be realized if DCR personnel are furloughed.

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Simply put, generating \$236,610 in Special Fund savings through the furlough program will result in an \$8.5 million reduction in unrestricted General Fund revenue.

The new permit processing delays caused by furloughs would not only impact City revenues, it would likely also give a greater foothold to the illicit market that is exposing Californians to dangerous products and threatens to completely swallow the legal industry.

We respectfully request that the Council exempt all positions funded by the Cannabis Regulation Special Revenue Trust Fund (Fund No. 60E) from the adopted furlough program. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, reading "Jerred Kiloh". The signature is written in a cursive, flowing style with a large initial "J" and a stylized "K".

Jerred Kiloh
President