

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and;

WHEREAS, the Control, Regulate and Tax Adult Use of Marijuana Act was approved by the voters of California in November 2016, and granted the State the authority to tax and regulate the adult-use of cannabis and Measure M was approved by voters in the City of Los Angeles in March 2017, and granted the City Council the authority to tax and regulate adult-use cannabis within the City of Los Angeles; and

WHEREAS, current State law, the Cannabis Tax Law, imposes an excise tax upon purchasers of cannabis or cannabis products sold in this state at the rate of 15% of the gross receipts of any retail sale by a cannabis retailer, and, as enacted by AUMA, imposed a cultivation tax on all harvested cannabis that entered the commercial market, as specified; and

WHEREAS, current State law, beginning in the 2025–26 fiscal year and every 2 years thereafter, requires the California Department of Tax and Fee Administration to adjust the cannabis excise tax rate by a percentage that will generate an amount of revenue that would have been collected pursuant to the cultivation tax imposed prior to its discontinuation, as specified, not to exceed 19% of the gross receipts of retail sale; and

WHEREAS, beginning July 1, 2025, the State cannabis excise rate increased to 19% of the gross receipts of retail sale; and


WHEREAS, cannabis operators in the City of Los Angeles and the State of California face growing challenges in competing with the illicit cannabis marketplace with cannabis retailers bearing the highest burden; and

WHEREAS, the passage of AB 564 (Haney) would delay the effective period of an increase in the Cannabis Excise Tax from the 2025-26 fiscal year to the 2030-31 fiscal year and thereby retain the previous rate of 15%; and

WHEREAS, the passage of AB 564 (Haney) would support commercial cannabis businesses in the City of Los Angeles by providing tax relief to California's struggling cannabis industry and cannabis consumers; and

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in the 2025-2026 State Legislative Program SUPPORT for AB 564 (Haney) to allow for the delay of the effective period of an increase in the cannabis excise tax to the 2030-31 fiscal year.

PRESENTED BY:


IMELDA PADILLA
Councilmember, 6th District

SECONDED BY:




JUL 30 2025

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