

Communication from Public

Name: Whitney Beatty

Date Submitted: 02/02/2026 02:26 PM

Council File No: 25-0600-S125

Comments for Public Posting: To the Honorable Members of the Committee, I write on behalf of the Black Los Angeles Cannabis Council (BLACC) to provide public comment on the City’s proposed Cannabis Business Tax Amnesty Program. BLACC appreciates that this proposal reflects a long-overdue acknowledgment by the City that the legal cannabis market is in crisis. The report correctly recognizes that licensed cannabis businesses are overtaxed, operating in a distorted market dominated by the illicit sector, and struggling under conditions that make long-term compliance increasingly unrealistic. The proposed waiver of penalties, the availability of installment payment options, and the acknowledgment that a significant portion of the widely cited “\$400 million owed” is inflated, uncollectible, or based on outdated data are meaningful and necessary steps forward. However, while there are modest wins in this proposal, there are serious structural problems that BLACC cannot ignore. Most concerning is the complete absence of relief on principal and the lack of any equity consideration. Los Angeles currently imposes a 10% cannabis business tax—one of the highest local cannabis taxes among major cities in California. This stands in stark contrast to peer jurisdictions. San Francisco has suspended its local cannabis business tax entirely and recently voted to extend that suspension for years, explicitly recognizing that local cannabis taxation was driving businesses out of the legal market. Oakland’s cannabis business tax is dramatically lower, approximately 1%, reflecting a policy choice to preserve licensed operators rather than burden them beyond sustainability. Los Angeles, by comparison, continues to maintain one of the most punitive local cannabis tax structures in the state, while also contending with widespread illicit market activity and inconsistent enforcement. When legal operators are taxed at 10% on gross receipts and illicit operators pay nothing, the resulting principal tax debt is not a reflection of operator misconduct—it is the predictable outcome of a policy environment that makes lawful operation economically untenable. This reality has had devastating consequences. In the past year alone, Los Angeles has lost three Black-owned dispensaries. These were licensed, compliant businesses that endured years of delayed social equity licensing, limited access to capital, inconsistent enforcement, and prolonged uncertainty caused by City-controlled processes. Those delays and

failures have cost equity operators millions of dollars. Treating these operators identically to well-capitalized, non-equity businesses ignores the City's role in creating these conditions and undermines the very purpose of the social equity program. Additional elements of the proposed amnesty program further risk deterring participation rather than encouraging compliance. Automatic audits triggered by participation, zero tolerance for a single missed payment, and required upfront down payments all disproportionately burden equity operators and smaller businesses. Rather than offering a pathway to stability, these provisions introduce new risks that many operators simply cannot afford to take. The Cannabis Regulation Commission previously issued clear recommendations calling for meaningful tax reform and equity-centered relief to stabilize the legal market. Those recommendations were made some time ago, yet substantive action has not followed. An amnesty program that removes penalties while leaving the underlying tax structure and principal obligations untouched does not resolve the problem—it merely postpones the next wave of closures. BLACC urges the Committee to amend this proposal to include targeted principal relief, explicit equity considerations, guaranteed interest waivers, and flexible repayment terms that reflect the realities of this industry. Without these changes, the program risks accelerating the loss of Black-owned and equity cannabis businesses and further entrenching the illicit market the City claims it wants to dismantle. We acknowledge the City's willingness to engage on this issue, but acknowledgment alone is not enough. Structural problems require structural solutions. BLACC stands ready to work with the City to develop an amnesty framework that preserves legal operators, supports equity, and strengthens—rather than erodes—the City's long-term tax base. Respectfully, Whitney Beatty Black Los Angeles Cannabis Council (BLACC)



Document tabs
+
Tab 1

Things you add to the document will appear here.

February 2, 2005



RE: 25-0600-s125

To the Honorable Members of the Committee,

I write on behalf of the Black Los Angeles Cannabis Council (BLACC) to provide public comment on the City's proposed Cannabis Business Tax Amnesty Program.

BLACC appreciates that this proposal reflects a long-overdue acknowledgment by the City that the legal cannabis market is in crisis. The report correctly recognizes that licensed cannabis businesses are overtaxed, operating in a distorted market dominated by the illicit sector, and struggling under conditions that make long-term compliance increasingly unrealistic. The proposed waiver of penalties, the availability of installment payment options, and the acknowledgment that a significant portion of the widely cited "\$400 million owed" is inflated, uncollectible, or based on outdated data are meaningful and necessary steps forward.

However, while there are modest wins in this proposal, there are serious structural problems that BLACC cannot ignore.

Most concerning is the complete absence of relief on principal and the lack of any equity consideration. Los Angeles currently imposes a 10% cannabis business tax—one of the highest local cannabis taxes among major cities in California. This stands in stark contrast to peer jurisdictions. San Francisco has suspended its local cannabis business tax entirely and recently voted to extend that suspension for years, explicitly recognizing that local cannabis taxation was driving businesses out of the legal market. Oakland's cannabis business tax is dramatically

Image options
Select an image or drawing to see image options