

Communication from Public

Name: Luis Rivera
Date Submitted: 06/02/2026 02:55 PM
Council File No: 25-0600-S125
Comments for Public Posting: Letter for Council File: 25-0600-S125



Social Equity LA

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June 01, 2026

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

RE: Support with Recommendations – Cannabis Business Tax Amnesty Program

Council File No. 25-0600-S125

Dear Chair Padilla and Members of the Government Operations Committee:

On behalf of Social Equity LA, we write in support of the proposed Cannabis Business Tax Amnesty Program contained in Council File 25-0600-S125.

We appreciate the City's efforts to address the ongoing challenges facing licensed cannabis businesses and to create a pathway for operators to return to compliance. The Office of Finance proposal recognizes the difficult economic conditions that have impacted the industry and appropriately recommends a full waiver of penalties and accrued interest for participating businesses.

The regulated cannabis industry continues to face significant obstacles, including excessive tax burdens, inflation, declining wholesale prices, limited access to capital, and continued competition from the illicit market. Many operators accumulated tax liabilities during these extraordinary circumstances despite making substantial efforts to remain compliant.

While we support the overall framework of the proposed amnesty program, we respectfully request that the Committee consider several modifications that would increase participation, improve long-term compliance, and maximize future tax revenue.

The Office of Finance recommends installment agreements of up to three years, with longer agreements of up to five years available only to certain small businesses with comparatively large liabilities.

We respectfully believe a uniform five-year (60-month) repayment term should be available to all participating operators.

A standard repayment structure creates fairness, predictability, and ease of administration. It also avoids subjective determinations regarding which businesses qualify for extended repayment terms.

Most importantly, smaller liabilities do not necessarily indicate a greater ability to pay. Many smaller operators have thinner profit margins, fewer financial resources, and less access to capital than larger businesses. Requiring shorter repayment periods may unintentionally place greater pressure on businesses that are already struggling to survive.

The primary objective of amnesty should be long-term compliance.

Payment obligations should be structured at levels that allow businesses to remain operational, retain employees, maintain regulatory compliance, and continue generating tax revenue for the City.

An operator who remains in business and compliant over the next five years will generate substantially more revenue for the City than an operator who defaults under an aggressive repayment schedule and ultimately closes.

The report notes that longer repayment terms could reduce first-year revenue but may be offset through increased participation. We believe increased participation should be the City's primary goal.

We recognize that the City is facing fiscal challenges and has a legitimate interest in accelerating collections.

Rather than requiring shorter repayment schedules, the City should consider voluntary incentives for businesses that can provide larger upfront payments.

One possible approach would be to provide a reduction in principal equal to the percentage paid upfront.

Examples:

- 10% upfront payment = 10% reduction in principal
- 20% upfront payment = 20% reduction in principal
- 25% upfront payment = 25% reduction in principal

This structure would generate immediate revenue for the City while rewarding operators that can contribute additional capital toward resolving outstanding liabilities.

While tax amnesty is an important step, the Office of Finance correctly notes that amnesty alone will not resolve the broader challenges facing the cannabis industry.

The City's cannabis gross receipts tax remains one of the most significant burdens facing licensed operators. Without meaningful tax reform, many businesses may continue to struggle even after participating in the amnesty program.

We therefore encourage the City to begin evaluating long-term tax relief measures, including reductions to the current cannabis tax structure, to support the viability of the regulated market.

The success of this program should be measured by:

- Number of businesses enrolled.
- Amount of tax debt brought into compliance.
- Amount of immediate revenue generated.
- Reduction in business closures.
- Long-term compliance rates.

A flexible and uniform five-year repayment structure will likely increase participation, improve repayment success, and maximize long-term revenue collection.

Social Equity LA supports the Cannabis Business Tax Amnesty Program and commends the Office of Finance and City Council for developing a pathway to help operators return to compliance.

We respectfully request that the Committee amend the proposal to provide a uniform five-year repayment term for all participating businesses and consider additional incentives that promote participation while maintaining the long-term health of the regulated cannabis industry.

Thank you for your consideration.

Respectfully,



Luis Rivera

Social Equity LA

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Social Equity LA is a 501(c)3 non-profit organization dedicated to social equity and economic development through access, inclusion, and diversity. Social Equity LA is committed to promoting fairness, justice, opportunity, and equity in the design and implementation of economic and workforce development and public policy throughout greater Los Angeles.

Communication from Public

Name: Christopher Martinez
Date Submitted: 06/02/2026 01:51 AM
Council File No: 25-0600-S125

Comments for Public Posting: Re: Council File 25-0600-S125 – Cannabis Business Tax Amnesty Program Dear Members of the LA Government Operations Committee: I support the proposed Cannabis Business Tax Amnesty Program and appreciate the City's efforts to help operators return to compliance. While this program provides important short-term relief, reducing the City's cannabis tax remains the true long-term solution. Excessive taxes continue to make it difficult for licensed operators to compete with the illicit market, remain compliant, and stay in business. The proposed waiver of penalties and interest is a positive step that acknowledges the financial challenges many operators have faced due to declining prices, rising costs, limited access to capital, and ongoing illicit competition. To maximize participation and long-term success, the repayment term should be standardized at five years (60 months) for all participating operators. A uniform repayment period creates fairness and predictability while ensuring that businesses can realistically meet their obligations without jeopardizing current operations. Smaller tax liabilities do not necessarily mean greater ability to pay, and many smaller operators have limited resources and tighter margins than larger businesses. The City should also incentivize faster repayment by offering reductions to the principal balance for businesses that make substantial upfront payments or voluntarily choose accelerated repayment schedules. For example, a 10 percent upfront payment could receive a 10 percent reduction in principal. This approach would encourage immediate revenue collection, increase program participation, and reward operators who are able to contribute additional capital toward resolving their obligations. The City would also benefit because the tax debt could be paid off sooner. The success of this program should be measured by the number of businesses brought back into compliance, the amount of tax debt resolved, and the preservation of licensed operators within the regulated market. A uniform five-year repayment structure combined with meaningful repayment incentives will maximize participation, improve compliance, and generate more sustainable revenue for the City. Additionally, there needs to be a reduction in the City's cannabis tax. It currently stands as one of the highest in the state and is a major reason why many operators are currently finding themselves under water with piling debt. The

tax amnesty program is a great step forward but it needs to be followed with a reduction in the taxes for long term sustainability. Thank you for your time. Christopher Martinez Social Equity Operator

Re: Council File 25-0600-S125 – Cannabis Business Tax Amnesty Program

Dear Members of the LA Government Operations Committee:

I support the proposed Cannabis Business Tax Amnesty Program and appreciate the City's efforts to help operators return to compliance. While this program provides important short-term relief, reducing the City's cannabis tax remains the true long-term solution. Excessive taxes continue to make it difficult for licensed operators to compete with the illicit market, remain compliant, and stay in business.

The proposed waiver of penalties and interest is a positive step that acknowledges the financial challenges many operators have faced due to declining prices, rising costs, limited access to capital, and ongoing illicit competition.

To maximize participation and long-term success, the repayment term should be standardized at five years (60 months) for all participating operators. A uniform repayment period creates fairness and predictability while ensuring that businesses can realistically meet their obligations without jeopardizing current operations. Smaller tax liabilities do not necessarily mean greater ability to pay, and many smaller operators have limited resources and tighter margins than larger businesses.

The City should also incentivize faster repayment by offering reductions to the principal balance for businesses that make substantial upfront payments or voluntarily choose accelerated repayment schedules. For example, a 10 percent upfront payment could receive a 10 percent reduction in principal. This approach would encourage immediate revenue collection, increase program participation, and reward operators who are able to contribute additional capital toward resolving their obligations. The City would also benefit because the tax debt could be paid off sooner.

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Thank you for your time.

Christopher Martinez
Social Equity Operator