

ORDINANCE NO. _____

An ordinance amending Article 1.12 of Chapter II of the Los Angeles Municipal Code (LAMC) to establish the Cannabis Business Tax Amnesty Program of 2026.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Article 1.12 of Chapter II of the Los Angeles Municipal Code is repealed in its entirety and replaced to read as follows:

ARTICLE 1.12

CANNABIS BUSINESS TAX AMNESTY PROGRAM OF 2026

SEC. 21.12.1. DEVELOPMENT AND ADMINISTRATION OF PROGRAM.

The Director of Finance shall develop and administer a Cannabis Business Tax Amnesty program as authorized and provided in this article.

SEC. 21.12.2. DEFINITIONS.

The following words and phrases, whenever used in this article, shall be construed as defined in this section:

(a) **Amnesty Applicant** shall mean a Cannabis Business that has submitted a Cannabis Tax Amnesty Application pursuant to this article.

(b) **Amnesty Application Period** shall mean the period that is 60 days from the effective date of this article.

(c) **Cannabis Business** shall mean a person engaged in a cannabis business activity described in Sections 21.51 and 21.52 of Article 1, Chapter 2 of the Los Angeles Municipal Code.

(d) **Cannabis Business Tax** shall mean the business taxes imposed under Sections 21.51 and 21.52 of Article 1, Chapter II of the Los Angeles Municipal Code.

(e) **Cannabis Tax Amnesty Application** shall mean the amnesty application, form, or statement created by the Director of Finance.

(f) **Cannabis Tax Amnesty Period** shall mean the period that is not more than 36 months, without regard to a partial month, prior to the effective date of this article.

(g) **Extended Installment Period Agreement** shall mean an installment payment agreement with a term no longer than 60 months.

(h) **Person** shall have the same meaning provided under Subparagraph (d) of Section 21.00 of Article 1, Chapter II of the Los Angeles Municipal Code.

(i) **Standard Installment Period Agreement** shall mean an installment payment agreement with a term no longer than 36 months.

(j) **Tax Distressed Amnesty Applicant** shall mean an Amnesty Applicant whose cumulative assessed Cannabis Business Tax liability, not including any interest and penalties, over the Cannabis Tax Amnesty Period exceeds \$250,000.

SEC. 21.12.3. CANNABIS TAX AMNESTY PROGRAM.

The Cannabis Tax Amnesty program shall apply to interest and penalties accrued with respect to delinquent and outstanding Cannabis Business Taxes accumulated during the Cannabis Tax Amnesty Period.

SEC. 21.12.4. REQUIREMENTS OF THE CANNABIS TAX AMNESTY PROGRAM.

(a) To qualify for the Cannabis Tax Amnesty Program, the Amnesty Applicant shall meet the following conditions:

1. Submit a complete Cannabis Tax Amnesty Application within the Amnesty Application Period to the Office of Finance;

2. Provide all gross receipts data for the periods covered by the Cannabis Tax Amnesty;

3. Submit to an audit of all gross receipts data provided under Subdivision (a)(2) of this Section pursuant to Section 21.15 of Article 1, Chapter 2 of the Los Angeles Municipal Code if initiated by the Office of Finance in its sole discretion;

4. Waive the availability of any judicial remedy and any administrative remedy under Section 21.16 of Article 1, Chapter II of the Los Angeles Municipal Code, with respect to, (i) any Cannabis Business Tax assessment issued prior to or after the effective date of this article for the periods covered by the Cannabis Amnesty period, and (ii) any Cannabis Business Tax assessment issued from an audit provided under Subdivision (a)(3) of this Section;

5. Comply with Article 1, Chapter II of the Los Angeles Municipal Code with respect to any business tax, including Cannabis Business Tax, for any

tax period within the Cannabis Tax Amnesty Period and during any period covered under the applicable Standard Installment Period or Extended Installment Period; and

6. Unless otherwise provided under subsection (b), remittance of the full payment of the owed or assessed Cannabis Business Tax determined by the Office of Finance pursuant to this Section.

(b) The Director of Finance, in lieu of a complete payment required under Subdivision (a)(6) of this section, may enter into a Standard Installment Period Agreement or an Extended Installment Period Agreement with respect to a Tax Distressed Cannabis Business, for the assessed Cannabis Business Tax determined pursuant to Subdivision (a)(3).

(c) Failure of the Amnesty Applicant to fully comply with the terms of Subsection (a), the applicable Standard Installment Period Agreement, or the applicable Extended Installment Period Agreement shall cause the interest and penalties to be reimposed and collectible as further provided in such agreements.

SEC. 21.12.5. CANNABIS TAX AMNESTY PROGRAM.

For an Amnesty Applicant who meets the requirements of Section 21.12.4 of this article:

(a) Interest and penalties shall not apply to or be imposed with respect to Cannabis Business Taxes accumulated during the Cannabis Tax Amnesty Period that are deemed delinquent under Section 21.15 of Article 1, Chapter II of the Los Angeles Municipal Code.

(b) No criminal action based upon the nonreporting or underreporting of tax liabilities or the nonpayment of any Cannabis Business Tax with respect to any period covered by the Amnesty Program shall be brought against the Amnesty Applicant.

SEC. 21.12.6. PREVIOUS ASSESSMENTS, PAYMENTS, AND LITIGATION.

(a) This article shall not apply to a Cannabis Business Tax, including applicable interest and penalties, for a period that is otherwise eligible for the Cannabis Tax Amnesty Program when the following has occurred:

1. The Cannabis Business Tax, including applicable interest and penalties, has been paid prior to the time the Amnesty Applicant submits a Cannabis Tax Amnesty application;

2. The Cannabis Business Tax is being sought to be compromised pursuant to Section 21.31 of Article I, Chapter II of the Los Angeles Municipal Code as the effective date of the article; or

3. Litigation has commenced with respect to the amnesty eligible Cannabis Business Tax.

(b) Where litigation has commenced over any Cannabis Business Tax relating to a period covered by the Cannabis Tax Amnesty Period, the City Attorney may, in its sole discretion, enter into a settlement agreement with respect to such taxes under the same terms for which the Director of Finance may provide under this article.

SEC. 21.12.7. SUBSEQUENT DEFICIENCIES.

If, subsequent to the effective date of this article, the Director of Finance issues a billing, deficiency determination, or assessment for a tax period for which the Amnesty Applicant was granted interest and penalty relief, such interest and penalties shall not be imposed on the amount to be paid to satisfy the requirements for Section 21.12.4. This section shall not invalidate any relief granted under Section 21.12.5 of this article.

SEC. 21.12.8. IMPLEMENTATION OF ARTICLE.

(a) The Director of Finance shall publicize the Cannabis Tax Amnesty Program, issue forms and instructions, and shall have the discretion to take such other actions or enter into such agreements needed to implement this article, including determining whether the Amnesty Applicant has complied with the requirements of this article.

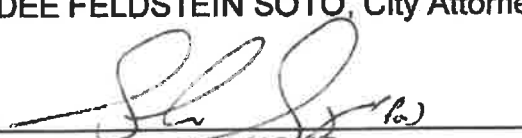
(b) No later than 45 days after the end of the Amnesty Application Period, the Director of Finance shall report to Council the number of Amnesty Applicants for whom penalties and interest were waived and the total amount of waived interest and penalties pursuant to this article.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By


CHARLES S. HONG,
Assistant City Attorney

Date

8/12/2026

File No.

M:\Econ Dev_Pub Finance\Public Finance\ORDINANCES AND REPORTS\Cannabis Amnesty 2026\Final Ordinance Cannabis Tax Amnesty Program.8.11.26

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____