

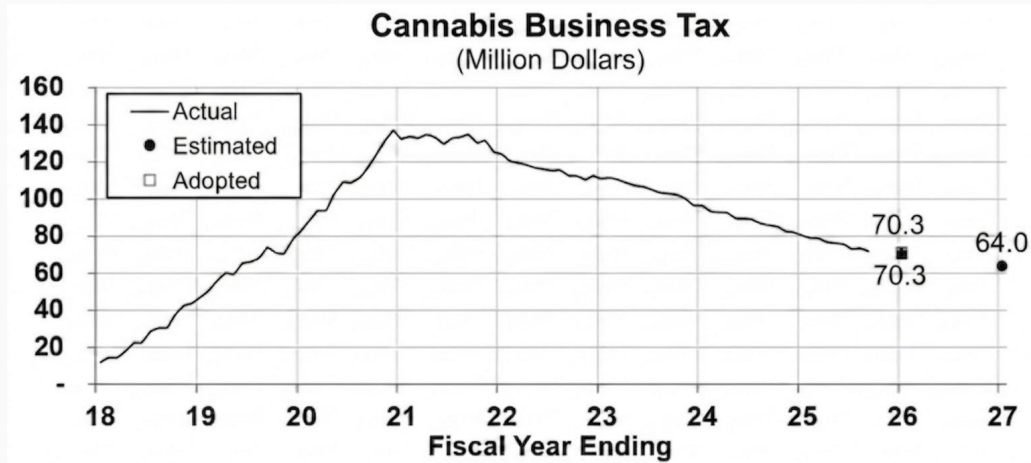
# Cannabis Business Tax Amnesty



# Current Situation

- The City currently has approximately 750 licensed cannabis businesses.
- Retail sales of cannabis are taxed at a rate of 10% of gross receipts.
- For the current fiscal year, this is expected to bring in \$70M
- Outstanding tax liability for cannabis businesses is \$385M.
  - Much of this is owed by businesses that no longer exist.

# Cannabis Tax Revenue by Fiscal Year



# Proposed Amnesty Offering

- Participating businesses will commit to paying the full principal liability.
- Monthly installment agreements available up to 36 months.
- Accrued penalties and interest waived upon full payment of principal.
- Active participants will be considered “in good standing”.

# Requirements

- Must continue to file and pay monthly taxes
- Must maintain DCR license
- Must make all installment payments
- Must comply with audit requirements
  - In some cases, this may actually reduce the liability

# Rollout Schedule

- July - August: Publicize opportunity; Send notifications to all businesses which may be eligible to participate.
- August - September: Accept applications, enroll businesses, get signatures, and set up installment agreements.

# Next Steps

- Council Approval
- City Attorney drafts ordinance
- Resources for Office of Finance:
  - \$200K Overtime
  - \$100K As-Needed Salaries
- Finance to report back by the end of October:
  - Number of participants
  - Total amount waived
  - Estimated additional revenue for FY 26-27