



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0502
SEPT. 1 2026

REPORT RE:

**DRAFT ORDINANCE AMENDING ARTICLE 1.12 OF CHAPTER II OF THE
LOS ANGELES MUNICIPAL CODE TO ESTABLISH THE CANNABIS BUSINESS
TAX AMNESTY PROGRAM OF 2026**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 25-0600-S125

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, which establishes the Cannabis Business Tax Amnesty Program of 2026 (Amnesty Program). On July 1, 2026, pursuant to the Office of Finance (Finance) report dated May 26, 2026, the City Council sought to create a cannabis business tax amnesty program in order to help stabilize the cannabis industry. The draft ordinance establishes the Amnesty Program described in Finance's report dated May 26, 2026.

Under the draft ordinance, a Cannabis Business that meets the eligibility requirements of the Amnesty Program will not be subject to interest and penalties on delinquent cannabis business taxes that accumulate during the amnesty period. The

amnesty period encompasses the 36 months preceding the effective date of the draft ordinance.¹

Amnesty Program eligibility requires, amongst others, the full payment of the any outstanding or assessed Cannabis Business Tax as determined by the Office of Finance (Finance), either in a lump-sum payment or through an installment payment agreement of 36 months or 60 months (for any Cannabis Business whose liability exceeds \$250,000 during the amnesty period), as well as compliance with the City's business tax regime with respect to other business taxes during the amnesty period and the installment payment period. Failure to comply with the terms of the Amnesty Program will result in the reimposition and collectability of any accrued interest and penalties that were previously not imposed.

With respect to Cannabis Business Taxes that have accrued during the amnesty period, but where litigation has commenced, whether initiated by the Cannabis Business or this Office upon a collection referral from Finance, such Cannabis Business Taxes are not eligible for the Finance-administered Amnesty Program.² Nevertheless, the draft ordinance, in furtherance of City Council's interest in stabilizing the cannabis industry, permits this Office, subject to its discretion, to enter into settlement agreements under the same terms Finance may provide under the Amnesty Program, to resolve litigation. Lastly, the draft ordinance authorizes Finance to issue such forms, instructions, or take other actions necessary to implement the Amnesty Program, including determining whether a Cannabis Business has complied with the Amnesty Program requirements.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of Finance, and its comments have been incorporated.

¹ Under Section 252 of the Charter, once adopted, the draft ordinance will become effective 31 days from the date of its publication.

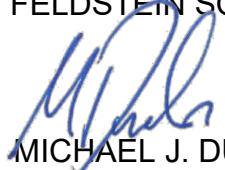
² Under Section 272 of the Charter, the management of litigation resides with our Office, subject to the direction of the Mayor, this City Council, or applicable Board.

If you have any questions regarding this matter, please contact Assistant City Attorney Charles Hong at (213) 978-7700. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
Chief Assistant City Attorney

MJD:CSH:vw
Transmittal