

Date: 2/17/26

Submitted In 60/A Committee

Council File No: 25-1126

Item No.: ~~25-1126~~ 4

Deputy: Adam R. Lid

February 17, 2026

Government Operations Committee & Public Works Committee Special Meeting

Re: Agenda Item 25-1126

Government Operations Committee members,

My name is Daniel Sosa. **Without immediate action to adjust the City's cannabis policies - particularly those related to taxation and illegal enforcement - the licensed cannabis market will collapse.** These are the words written in bold in the Cannabis Regulation Commission's Urgent Policy Recommendations to City Council, from seven months ago in July.

City Council members, you have the power to save our industry. We only need one thing - and that is a reduction in taxes. Licensed cannabis dispensaries are currently subject to a 10% tax rate. This is an outrageous rate. City Council has the explicit authority to lower cannabis taxes under Measure M.

You're not taxing big corporations these rates. Big retail corporations pay 0.1% tax rate in the City. Gun sales, alcohol sales, tobacco sales, are taxed at 0.1%. But you're taxing Social Equity Applicants - **people who had to be low income to qualify for a license** - 100 times that rate. Not double, not ten times - 100 times the rate. If Ralph's or Starbuck's grosses a million dollars in sales they owe \$1,000 in taxes. If my business grosses a million in sales I owe \$100,000 in taxes. Frankly, licensed dispensaries are being taken advantage of by the City.

The cannabis industry needs lots of changes... but talking about anything other than tax reduction and tax relief is a distraction. Overtaxation is the single biggest issue facing our industry right now. Any conversation around cannabis reform must be centered around it.

Can you please agendize tax reform immediately?

Can you please officially review and analyze the Cannabis Commission recommendations from July, develop an action plan, and start some good faith engagement with the public on this issue?

Can you please follow up with the CAO about the reports you asked for back in August regarding file #25-0720?

Let's take some action steps.

It's been seven months since these recommendations came out and at least four years since DCR started sounding the alarm bells about our industry. Guys, it is time to act. Are we going to do something here, or are we going to keep driving our industry into debt, and driving consumers to the black market?

Let's figure it out guys. Again, please, YOU have the power to save our industry.

Thank you.

-Daniel Sosa

Owner/operator/founder

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