

Communication from Public

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Council File No: 26-1100-S1

Comments for Public Posting: I strongly disagree with this proposal as it would allow cannabis business taxes to be applied to unlicensed operators — a major policy shift that raises serious concerns for licensed operators, Social Equity businesses, regulatory integrity, and the long-term stability of the legal cannabis market.



February 23, 2026

Mayor Karen Bass

City Hall, Room 303
200 N. Spring Street
Los Angeles, CA 90012

RE: Council File 26-1100-S1 & Council File 26-1100-S5

Dear Mayor Karen Bass,

We, the undersigned businesses, organizations, workers, and professionals, write to respectfully urge you **not to sign or adopt** the action approved by the **Los Angeles City Council** under **Council File 26-1100-S1**, including the draft ballot resolution and election ordinance that would place a cannabis tax measure on the June 2, 2026 ballot.

This proposed action would apply cannabis business taxes to **unlicensed cannabis operations**, a policy shift that raises serious concerns for the integrity of Los Angeles' regulated cannabis market and for the success of Social Equity programs that many of us actively support or participate in.

As written, this measure would have significant and harmful implications:

- **Violates Proposition 64 which was approved by voters** as the ballot initiative requires every cannabis operator to be licensed, part of the state of California's track and state program.
- **It undermines the purpose of Social Equity programs** by allowing unlicensed operators to continue operating through tax payment alone, rather than requiring compliance with licensing, labor standards, environmental rules, and community benefit obligations.
- **It creates uneven enforcement**, placing licensed businesses, particularly Social Equity operators, at a disadvantage after they have invested substantial capital and resources to meet stringent regulatory, zoning requirements as well as years of delay just to become operational.
- **Undermines the California Department of Cannabis Control** regulatory program as these illegal operators do not have a state license, are not paying taxes and are not part of the track and trace system. The State of California would not know how to regulate and enforce against these organizations.
- **It increases competitive pressure on compliant operators**, many of whom already face delayed permitting, higher operating costs, and limited access to capital. On top of that, this condones the illegal occupation of market share that should be protected for licensed operators.

- **It diverts enforcement priorities**, shifting City focus from shutting down illegal operations to collecting revenue, which may prolong the presence of unlicensed businesses in South Los Angeles and other historically impacted communities.
- **It creates a dangerous incentive**, which gives the City a reason to continue to allow illegal operators so that the tax revenue can be collected.
- **It fails to reinvest in Social Equity**, as revenues generated would be deposited into the City's General Fund with no guaranteed allocation to equity programs, small business assistance, workforce development, community reinvestment, or measures to protect the cannabis industry as a whole.
- **It creates a normalization of illegal activity**, weakening incentives for businesses to pursue full licensure and long-term participation in the regulated cannabis industry and reinforces the harm that comes from the competition of the illicit market.

We believe Los Angeles should continue to prioritize policies that reward compliance, protect workers and neighborhoods, and uphold the original intent of Social Equity, repairing harms from past cannabis enforcement while creating real, sustainable economic opportunity and a sustainable industry.

For these reasons, we respectfully ask that you **decline to sign and adopt** the City Council action associated with Council File 26-1100-S1 and instead support alternative approaches that emphasize **strong enforcement against illegal operations, streamlined pathways to licensure, and dedicated reinvestment in Social Equity and impacted communities**.

Thank you for your leadership and for considering the concerns of the many stakeholders committed to a fair, transparent, and equitable cannabis industry in the **City of Los Angeles**.

Sincerely,

The Undersigned,

Business / Organization Name: _____

Representative Name & Title: _____

Email / Phone (optional): _____

(Additional signatories attached)

Social Equity LA is a 501(c)(3) nonprofit organization committed to advancing social equity and economic empowerment across Greater Los Angeles. Our mission is to promote fairness, justice, and opportunity by shaping inclusive economic and workforce development strategies and advocating for equitable public policies—especially within key industries that impact historically disadvantaged communities.