

**RESOLUTION OF THE LOS ANGELES CITY COUNCIL
SUBMITTING A BALLOT MEASURE TO THE VOTERS OF THE CITY OF
LOS ANGELES AND REQUESTING THE LOS ANGELES COUNTY BOARD OF
SUPERVISORS TO CONSOLIDATE THE ELECTION FOR THE BALLOT MEASURE
WITH THE STATE PRIMARY ELECTION TO BE HELD ON JUNE 2, 2026**

WHEREAS, the City Council wishes to submit the attached ballot measure to the qualified voters of the City of Los Angeles;

WHEREAS, the City Council has taken action pursuant to the City Charter and City Election Code to call an election for the ballot measure to be held together with the City's Primary Nominating Election on June 2, 2026; and

WHEREAS, the City Council wishes to request that the Board of Supervisors of the County of Los Angeles consolidate the City's election for the ballot measure with the State Primary Election also to be held on June 2, 2026.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The ballot measure attached to this Resolution shall be submitted to the qualified voters of the City of Los Angeles at an election consolidated with the City's Primary Nominating Election and the State Primary Election held on June 2, 2026.

Sec. 2. The vote requirement for the ballot measure to pass is a majority of the votes cast.

Sec. 3. The ballot title and question for the ballot measure shall be as follows and shall include a letter designation as determined by the City Council in accordance with applicable City and State law:

**APPLYING CANNABIS BUSINESS TAXES TO UNLICENSED CANNABIS
BUSINESSES. PROPOSITION ____.**

Shall an ordinance be adopted to apply the City's existing cannabis business taxes to unlicensed cannabis businesses at current rates (10% on cannabis sales; 5% on medical cannabis sales; 2% on manufacturing, cultivation or other commercialization; 1% on transportation, testing or research); generating approximately \$30-35 million annually for general City services, such as street/sidewalk repairs, 911 emergency response, fire protection, and parks, until ended by voters?

Sec. 4. The City Clerk is hereby authorized to make technical and formatting adjustments to the attached ballot measure to facilitate presentation in ballot materials.

Sec. 5. The City Clerk is hereby authorized and directed to publish a notice containing the proposed ballot measure and specifying the date of the election for the

ballot measure. The notice shall be published once in a newspaper of general circulation in the City of Los Angeles.

Sec. 6. The City Clerk is hereby authorized and directed to publish once in a newspaper of general circulation that copies of voter information pamphlets containing the proposed ballot measure may be obtained upon request in the City Clerk's office. The City Clerk is directed to prepare and keep in the City Clerk's office a sufficient supply of copies of the voter information pamphlets and to distribute them to persons requesting a copy. Further, the City Clerk is authorized and directed to mail copies of the voter information pamphlets to the qualified voters of the City of Los Angeles.

Sec. 7. The City Council respectfully requests the Board of Supervisors of the County of Los Angeles to order the consolidation of the City's election for the ballot measure with the State Primary Election to be held on June 2, 2026, and to canvass the returns of the election and transmit the certified election results to the City.

Sec. 8. The City Clerk shall administer the filing, printing, and distribution of all items contained in the City's Voter Information Pamphlet as provided in the City Election Code, including impartial summaries, ballot arguments, and rebuttal arguments regarding the ballot measure. In other particulars, the above-described election shall be held and conducted as provided by law for the holding of elections consolidated with the State Primary Election.

Sec. 9. The Council requests the Board of Supervisors to fix the costs to be paid by the City of Los Angeles for consolidation of the City's election with the State Primary Election. The City will reimburse the County for the City's share of the costs incurred in conducting the City's election consistent with the cost estimate provided by the Registrar-Recorder/County Clerk and agreed to between the County and the City.

Sec. 10. The City Clerk shall file a duly certified copy of this Resolution with the Board of Supervisors and County Registrar-Recorder/County Clerk.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on _____.

PATRICE Y. LATTIMORE, City Clerk

By _____
Deputy

TEXT OF THE PROPOSED BALLOT MEASURE

ORDINANCE NO. _____

An ordinance amending Sections 21.51 and Section 21.52 of Article 1 of Chapter II of the Los Angeles Municipal Code to apply the City's existing cannabis gross receipts taxes to unlicensed cannabis businesses. (Changes to the language of the Municipal Code are shown in underline type for added language and ~~strikeout~~ type for deleted language.)

WHEREAS, in order to protect the public and consumers of medical and nonmedical cannabis, and reduce the negative secondary impacts on the City's communities, the City enacted a comprehensive cannabis regulatory and enforcement system which was approved by the voters of the City of Los Angeles on March 7, 2017, and embodied in Proposition M;

WHEREAS, Proposition M also enacted a new gross receipts tax regime, of various rates, on licensed cannabis businesses who engage in the commercialization of nonmedical and medical cannabis, including their derivative products and services;

WHEREAS, since the enactment of Proposition M, the taxation of licensed, commercial cannabis businesses has incentivized unlicensed cannabis businesses to operate and generate a significant commercial benefit from the legalization of recreational cannabis without having to collect and remit all of the City businesses taxes as would licensed cannabis businesses; and

WHEREAS, the City wishes to ensure that unlicensed businesses are subject to the same tax as licensed operators and establish business tax parity within the cannabis market.

NOW THEREFORE,

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

Section 1. Subdivision (9) of Subsection (a) of Section 21.51 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of cannabis businesses is amended to read:

9. "Transporting" shall mean to transfer cannabis and/or cannabis products from the location of one person ~~with a license~~ to the location of another person ~~with a license~~

Sec. 2. Subsection (b) of Section 21.51 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of cannabis businesses is amended to read as follows:

(b) For purposes of this Section, the business tax to be imposed shall be as follows:

1. Every person ~~with a license~~ that is engaged in business of conducting the sale of cannabis and/or cannabis products shall pay a business tax of \$100.00 for each \$1,000.00 of gross receipts or fractional part thereof. The sale of medical cannabis shall be taxed as provided under Section 21.52 of this Article.

2. Every person ~~with a license~~ that is engaged in business of transporting cannabis and/or cannabis products shall pay a business tax of \$10.00 for each \$1,000.00 of gross receipts or fractional part thereof.

3. Every person ~~with a license~~ that is engaged in business of testing cannabis and/or cannabis products shall pay a business tax of \$10.00 for each \$1,000.00 of gross receipts or fractional part thereof.

4. Every person ~~with a license~~ that is engaged in business of researching cannabis and/or cannabis products shall pay a business tax of \$10.00 for each \$1,000.00 of gross receipts or fractional part thereof.

5. Every person ~~with a license~~ that is engaged in business of manufacturing or cultivating cannabis and/or cannabis products shall pay a business tax of \$20.00 for each \$1,000.00 of gross receipts or fractional part thereof.

6. Every person ~~with a license~~ that is engaged in business relating to the commercialization of cannabis and/or cannabis products not specifically taxed under this Section shall pay a business tax of \$20.00 for each \$1,000.00 of gross receipts or fractional part thereof.

Sec. 3. Subsection (d) of Section 21.51 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of cannabis businesses is amended to read as follows:

(d) All business taxes shall be due and payable quarterly as provided under Section 21.04(b) of this Article beginning July 1, 2018, which shall include any taxes owed from January 1, 2018, and then monthly as provided under Section 21.04(c) of this Article beginning July 1, 2019. Such business taxes are payable regardless of whether the person has been issued a license or is operating without a license

Sec. 4. Subsection (f) of Section 21.51 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of cannabis businesses is amended to read as follows:

(f) The Director of Finance may prescribe such additional requirements or conditions, as provided under Section 21.15(h) of this Article, when granting a business tax registration certificate under Section 21.08 of this Article with respect to a person subject to this Section, which may or may not include an affidavit of compliance and/or proof of license. Any person who makes a false statement or misrepresentation in any required affidavit under this Section is guilty of a misdemeanor

Sec. 5. Subsection (b) of Section 21.52 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of medical cannabis businesses is amended to read as follows:

(b) For purposes of this Section, the business tax to be imposed shall be as follows:

1. Every person ~~with a license~~ that is engaged in business of conducting the sale of medical \$50.00 for each \$1,000.00 of gross receipts or fractional part thereof.

Sec. 6. Subsection (d) of Section 21.52 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of medical cannabis businesses is amended to read as follows:

(d) All business taxes shall be due and payable quarterly as provided under Section 21.04(b) of this Article beginning July 1, 2018, which shall include any taxes owed from January 1, 2018, and then monthly as provided under Section 21.04(c) of this Article beginning July 1, 2019. Such business taxes are payable regardless of whether the person has been issued a license or is operating without a license.

Sec. 7. Subsection (f) of Section 21.52 of Article 1, Chapter II of the Los Angeles Municipal Code regarding the taxation of medical cannabis businesses is amended to read as follows:

(f) The Director of Finance may prescribe such additional requirements or conditions, as provided under Section 21.15(h) of this Article, when granting a business tax registration certificate under Section 21.08 of this Article with respect to a person subject to this Section, which may or may not include an affidavit of compliance and/or proof of license. Any person who makes

a false statement or misrepresentation in any required affidavit under this Section is guilty of a misdemeanor.

Sec. 8. Submission to voters. The ordinance herein shall be submitted to the voters of the City. If the ordinance is approved by a majority of the votes cast, the ordinance shall be enacted and the applicable sections set forth herein shall thereafter be considered part of the Los Angeles Municipal Code.

Sec. 9. Amendments. The City Council may amend any provision of this ordinance, but any amendment that would result in a tax being imposed, extended, or increased would require voter approval.

Sec. 10. Severability. If any section, subsection, clause, sentence, phrase, or application of this ordinance or any portion thereof is held unconstitutional or invalid by any court or tribunal of competent jurisdiction, the remaining sections, subsections, clauses, sentences, phrases, portions, or applications of the ordinance shall remain in full force and effect, and to this end the provisions of this ordinance are severable. In addition, the voters declare that they would have passed all sections, subsections, clauses, sentences, phrases, portions and applications of this ordinance without the section, subsection, clause, sentence, phrase, portion or application held unconstitutional or invalid.

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