CITY OF LOS ANGELES
OFFICE OF THE CHIEF LEGISLATIVE ANALYST

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March 24, 2026

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CITY CLERK
BY

Patrice Lattimore, City Clerk
200 North Spring Street, Room 360 City Hall
Los Angeles, CA 90012

Dear Ms. Lattimore:

Pursuant to your letter dated March 2, 2026, attached please find the Chief Legislative Analyst's Impartial Summaries for the ballot measures for the June 2, 2026 Primary Election.

- Applying Cannabis Business Taxes to Unlicensed Cannabis Businesses – Proposition
- Applying Transient Occupancy Tax to Online Travel Companies – Proposition
- Funding for City Services Through Modification to the Transient Occupancy Tax - Proposition

Electronic copies have been sent to Christopher Garcia of your staff. If you have any questions or require additional information, please to do not hesitate to contact myself or Karen Kalfayan.

Sincerely,

Sharon M. Tso

Sharon M. Tso
Chief Legislative Analyst

Attachment: Impartial Summaries

APPLYING CANNABIS BUSINESS TAXES TO UNLICENSED CANNABIS BUSINESSES. PROPOSITION CB.

IMPARTIAL SUMMARY
BY SHARON M. TSO, CHIEF LEGISLATIVE ANALYST

Following the 2016 statewide legalization of recreational cannabis under Proposition 64, Los Angeles voters approved Proposition M in 2017, granting the City of Los Angeles authority to regulate and tax local cannabis businesses.

The Los Angeles Municipal Code, Chapter II, Article 1, Sections 21.51 and 21.52 establishes business taxes for all licensed cannabis businesses in the City. The amount of the tax due is determined by the gross receipts of the business.

Currently, the Municipal Code only applies the City of Los Angeles cannabis business taxes to licensed cannabis businesses. The cannabis tax rates are ten percent of gross receipts on cannabis sales, five percent on medical cannabis sales, two percent on manufacturing, cultivation or other commercialization, and one percent on transportation, testing or research. These taxes do not apply to unlicensed cannabis business.

This measure would adopt an ordinance to amend the Los Angeles Municipal Code to apply the City of Los Angeles cannabis business taxes to unlicensed cannabis businesses. Therefore, unlicensed cannabis businesses would be subject to the same gross receipts taxes that the City of Los Angeles currently imposes on licensed cannabis businesses. Collected cannabis tax revenues will be deposited into the City's General Fund and be used to support City services.

This measure will become effective if approved by a majority of the voters.

APPLYING TRANSIENT OCCUPANCY TAX TO ONLINE TRAVEL COMPANIES. PROPOSITION TC.

IMPARTIAL SUMMARY
BY SHARON M. TSO, CHIEF LEGISLATIVE ANALYST

The Los Angeles City Municipal Code (LAMC), Chapter II, Article 1.7 provides the guidelines for the City's Transient Occupancy Tax (TOT), which is the tax paid by each guest who occupies a hotel room or space for a period of 30 consecutive days or less. The current TOT is 14 percent of the total rent paid by the guest, including all fees and service charges.

Online travel agencies, platforms, companies, and other similar intermediaries operate by negotiating with hotels for a discounted or wholesale rate for hotel rooms and then charging guests a higher amount by adding other fees and service charges for the right to occupy the room. These additional fees and service charges are outside the scope of the current TOT guidelines. The LAMC provides language for hotels and online hotel entities to remit TOT based on the initial negotiated cost of the room, rather than remitting TOT based on the actual rent charged to the guest to occupy the room, inclusive of all fees and service charges added by the online travel companies.

This measure would amend the LAMC to update the definition of rent for the purposes of calculating TOT as the total amount paid by the occupant, including the following fees and service charges:

- Discount Room Charges – The total amount charged by the hotel to the online travel company, booking agent, or room reseller for occupancy in a hotel for rent;
- Facilitation Fees – The amount by which the posted room charge exceeds the discount room charge, if any;
- Transaction fees, service fees, booking fees, processing fees, retail markups, commissions, cancellation and attrition fees, and California Tourism Marketing Assessments;
- Unrefunded advance reservation and other rental deposits;
- Charges levied for items or services;
- Consideration or value received by a seller from an award or reward program; and
- Any other charge reasonably attributable to rent that is part of a travel package.

Additionally, this measure updates the collection requirements on all operators of a hotel and adds reporting requirements with respect to online travel agencies, companies, platforms, and other similar intermediaries. The TOT revenue collected under this measure will be deposited into the City's General Fund and be used to support City services, such as street and sidewalk repairs and fire protection.

A separate ballot measure makes similar amendments to the LAMC with respect to the definition of rent in the City's TOT Ordinance. This ballot measure includes a provision stating that it is complementary to and not in conflict with the other TOT measure. The provision states that if both measures receive majority voter approval, then all of the provisions of both measures shall be enacted and valid.

This measure will become effective if approved by a majority of voters.

FUNDING FOR CITY SERVICES THROUGH MODIFICATIONS TO THE TRANSIENT OCCUPANCY TAX. PROPOSITION TT.

IMPARTIAL SUMMARY
BY SHARON M. TSO, CHIEF LEGISLATIVE ANALYST

The Los Angeles City Municipal Code (LAMC), Chapter II, Article 1.7 provides the guidelines for the City's Transient Occupancy Tax (TOT), which is the tax paid by each guest who occupies a hotel room or space for a period of 30 consecutive days or less. The current TOT is 14 percent of the total rent paid by the guest, including all fees and services charges. The 14 percent TOT rate has been in effect since 1993. This measure would amend the LAMC to impose a temporary two percent increase in the TOT rate to 16 percent through December 31, 2028 and then establish a permanent TOT rate of 15 percent on or after January 1, 2029.

Online travel agencies, companies, platforms and other similar intermediaries operate by negotiating with hotels for a discounted or wholesale rate for hotel rooms and then charging guests a higher amount by adding other fees and service charges for the right to occupy the room. These additional fees and services charges are outside the scope of the current TOT guidelines. The LAMC provides language for hotels and online hotel entities to remit TOT based on the initial negotiated cost of the room, rather than remitting TOT based on the actual rent charged to the guest to occupy the room, inclusive of all fees and service charges added by the online travel companies.

This measure would also amend the LAMC to update the definition of rent for the purposes of calculating TOT as the total amount paid by the occupant, including the following fees and service charges:

- Discount Room Charges – The total amount charged by the hotel to the online travel company, booking agent, or room reseller for occupancy in a hotel for rent;
- Facilitation Fees – The amount by which the posted room charge exceeds the discount room charge, if any;
- Transaction fees, service fees, booking fees, processing fees, retail markups, commissions, cancellation and attrition fees, and California Tourism Marketing Assessments;
- Unrefunded advance reservation and other rental deposits;
- Charges levied for items or services;
- Consideration or value received by a seller from an award or reward program; and
- Any other charge reasonably attributable to rent that is part of a travel package.

Additionally, this measure updates the collection requirements on all operators of a hotel and adds reporting requirements with respect to online travel agencies, companies, platforms, and other similar intermediaries. The TOT revenue collected under this measure will be deposited into the City's General Fund and be used to support City services, such as street and sidewalk repairs and fire protection.

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complementary to and not in conflict with the other TOT measure. The provision states that if both measures receive majority voter approval, then all of the provisions of both measures shall be enacted and valid.

This measure will become effective if approved by a majority of voters.