


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-06383-0000

Date: March 24, 2026

To: Patrice Y. Lattimore, City Clerk
Attn: Jinny Pak, Assistant Chief, Election and Business Improvement District Division

From: Matthew W. Szabo, City Administrative Officer 

Subject: **JUNE 2, 2026 ELECTION MEASURES – FINANCIAL IMPACT STATEMENTS**

In accordance with City Election Code Section 604 (b), attached are the Financial Impact Statements for the three City measures on the June 2, 2026 Primary Nominating Election.

Cc: Christopher Garcia, Assistant Division Manager

MWS:BC:MCK: 03260015

2026 MAR 24 PM 4:32
CITY CLERK
ELECTION DIVISION

June 2, 2026 Election

FOR: Proposition CB. Applying Cannabis Business Taxes to Unlicensed Cannabis Businesses.

**FINANCIAL IMPACT STATEMENT
BY MATTHEW W. SZABO, CITY ADMINISTRATIVE OFFICER**

This measure will apply the City's existing cannabis business tax to unlicensed cannabis businesses at the current rates: 10% on cannabis sales, 5% on medical cannabis sales, 2% on manufacturing or cultivation, and 1% on transportation or testing. This measure is estimated to generate approximately \$30 million to \$35 million in annual revenue for the City. The revenue would be deposited into the General Fund and be used for general City services, such as fire and police response, street and sidewalk repairs, transportation and other purposes. Annual administrative costs for tax and regulatory enforcement efforts are estimated between \$2.2 million and \$10.5 million. The actual costs will depend on the type of enforcement activities and level of effort required to close unlicensed businesses or bring them into tax and regulatory compliance.

FOR: Proposition TC. Applying Transient Occupancy Tax to Online Travel Companies.

**FINANCIAL IMPACT STATEMENT
BY MATTHEW W. SZABO, CITY ADMINISTRATIVE OFFICER**

This measure will update the City's transient occupancy tax (TOT) to close a loophole involving online travel companies. It requires online travel companies to collect and remit the TOT on all service charges and fees imposed when booking a hotel room. This measure does not impact the current TOT rate. This measure is estimated to generate approximately \$5 million in annual revenue for the City. The revenue would be deposited into the General Fund and be used for general City services, such as fire and police response, street and sidewalk repairs, transportation and other purposes. This measure is not anticipated to result in any additional costs to the City.

FOR: Initiative Ordinance TT. Funding For City Services Through Modification to the Transient Occupancy Tax.

**FINANCIAL IMPACT STATEMENT
BY MATTHEW W. SZABO, CITY ADMINISTRATIVE OFFICER**

This measure will increase the City's transient occupancy tax (TOT) from 14% to 16% through 2028. This increase is projected to generate \$44 million in annual City revenue to offset the increased burden on City services and infrastructure during major events occurring in and around the City through 2028 including but not limited to the 2027 Super Bowl and the 2028 Olympic and Paralympic Games. In 2029, the TOT rate will decrease to 15%, generating an estimated \$22 million in ongoing annual revenue for general City services. This measure will

June 2, 2026 Election

also update the TOT to close a loophole involving online travel companies. It requires online travel companies to collect and remit the TOT on all service charges and fees imposed when booking a hotel room. This measure is not anticipated to result in any additional costs to the City.