

## MOTION

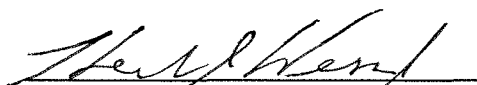
WE MOVE that the matter of the Rules, Elections and Intergovernmental Relations Committee Report relative to a proposal to use cannabis tax revenue to establish a Neighborhood Health Fund and other Community Benefit-Type programming, Item 9 on today's Council Agenda (C.F. 14-0366-S18), BE AMENDED to ADOPT the following recommendations in lieu of the recommendation in the Report:

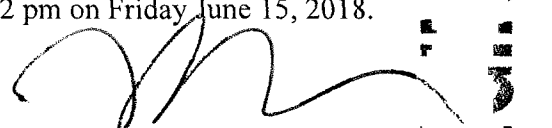
1. REQUEST the City Attorney, with the assistance of the Department of Cannabis Regulation (DCR), City Administrative Officer (CAO), Office of Finance, and the Chair, Rules, Elections, and Intergovernmental Relations (REIR) Committee, to prepare and present the necessary election Ordinance and Resolutions to place a ballot measure before the voters at the November 6, 2018 State General Election entitled the Cannabis Reinvestment Act, and that the ballot measure would include the following elements:
  - a. Effective January 1, 2019, one percent special gross receipts tax on all commercial cannabis activity to be reinvested in the community with all funds going to a newly created Cannabis Reinvestment Trust Fund to be apportioned as follows:
    - i. 50 percent distributed between the Council offices based on the percentage of licenses by Council District. Taxes to be used within one mile radius of any licensed cannabis business for various public improvements (e.g. streetscape, façade improvements, sidewalk repair, building construction or rehabilitation, etc.) or child and youth programs (as defined in a(iii)), or at the closest City park, City recreation center, or City library. If money is unspent after five years, may be used anywhere in the Council District for the same purposes. Neighborhood Councils will give advisory recommendations to Council office April 1st of every year, beginning 2020, and Council will approve distribution via Council action. Cannot not be used to establish a new sensitive use under Article V Chapter X of the Los Angeles Municipal Code (LAMC).
    - ii. 25 percent distributed to the DCR for public education and outreach, equity programs, expungement clinics, illegal enforcement, and other cannabis-related programming. This cannot be used for license processing nor license compliance and enforcement.
    - iii. 25 percent distributed to the Cannabis Youth Prevention and Child Strengthening Program; Youth prevention defined as any youth and/or child development activities ages 0-24. Program administration, guidelines, and process to be established by Ordinance.
  - b. Effective January 1, 2019, a five dollar special surcharge on any test of cannabis products conducted by a licensed commercial cannabis testing laboratory with funds going to the Cannabis Reinvestment Trust Fund and distributed to the Cannabis Science, Technology, Engineering, and Math (STEM) Education Program. Program administration, guidelines, and process to be established by Ordinance.
  - c. Effective January 1, 2019, a five dollar special surcharge on any tickets sold for a temporary cannabis event with funds going to the Cannabis Reinvestment Trust Fund and distributed to the DCR for public education and outreach, equity programs, expungement clinics, illegal enforcement, and other cannabis-related programming. This cannot be used for license processing nor license compliance and enforcement.
  - d. Effective January 1, 2019, a one percent special gross receipts tax on a licensed cannabis event organizer and a registered cannabis management company with funds going to the Cannabis



Reinvestment Trust Fund and distributed to the DCR for public education and outreach, equity programs, expungement clinics, illegal enforcement, and other cannabis-related programming. This cannot be used for license processing nor license compliance and enforcement.

- e. Cannabis Corporate Responsibility Policy- requires all licensed commercial cannabis businesses to prepare and deliver a report to the DCR on February 1st of every year describing community engagement, corporate philanthropy, and relationship with surrounding neighborhood(s). Reports to be made public on the DCR website and will be scored by license category in combination with compliance status and any violations from the previous year.
2. REQUEST the City Attorney, with the assistance of the DCR, CAO, Office of Finance, and the Chair, REIR Committee, to prepare and present an Ordinance to amend the provisions under Ordinance No. 184841 (Proposition M) to be only effective upon passage of the Cannabis Reinvestment Act and then effective on January 1, 2020 and would include the following elements:
    - a. Reduce the medical cannabis gross receipts tax to three percent, increase back to five percent over four years.
    - b. Reduce adult use cannabis gross receipts tax to eight percent, increase back to ten percent over four years; unless on-site consumption, then remains ten percent.
    - c. Reduce distribution and testing laboratory gross receipts tax to .25 percent; increase back to one percent over three years.
    - d. Reduce cultivation and manufacturing gross receipts tax to .5 percent and increase back to two percent over three years.
  3. INSTRUCT the CAO, with the assistance of the Office of Finance, DCR, and the Chair, REIR Committee, to report back on a fiscal impact analysis and revenue impacts no later than 2pm on Friday June 15, 2018.
  - 4 ~~2~~. AUTHORIZE the City Attorney, with the assistance of the Chair, REIR Committee, to make any technical modifications and/or legal corrections to the draft election ordinance, draft ballot resolutions, and any other related actions listed above in order to further the objectives as described in these recommendations.
  - 5 ~~3~~. REQUEST the City Attorney to transmit the necessary reports, Ordinance, and draft ballot resolutions as outlined above to the City Clerk's office no later than 2 pm on Friday June 15, 2018.

PRESENTED BY:   
HERB J. WESSON, JR.  
Councilmember, 10<sup>th</sup> District

  
MARQUEECE HARRIS-DAWSON  
Councilmember, 8<sup>th</sup> District

JUN 05 2018

SECONDED BY: 