

May 13, 2016

The Honorable Members of the Budget and Finance Committee
The Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

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2016 MAY 13 PM 2:22
BY EGG CITY CLERK
RLS DEPUTY

RE: Council File 16-0047 – Request that a Recommendation to Remove from Consideration the Use of Marijuana Taxes to Fund Homeless Programs be Included in the Committee’s Budget Recommendations to Council

Dear Honorable Members of the Budget and Finance Committee:

We are writing today to request that the Honorable Committee recommend to the Council that marijuana taxes be removed from the list of funding options for homeless programs. Our request to remove marijuana taxes as a source for funding homeless programs is being made for the following reasons:

- **Patients, not dispensaries, pay all marijuana sales taxes in the city**, either through increased cost of goods or as part of the sales price. Because patients pay both the standard sales tax, 9%, and the 6% marijuana sales tax, **patients are already paying a combined 15% tax rate.**
- **If you add an additional 15% to pay for homeless programs, patients would pay a whopping combined tax of 30%.** They cannot be reimbursed by their health plan for this tax. It cannot be taken as a deduction on a tax return. Thus, the burden of this 30% will rest squarely on the patient.
- **Legitimate medicine should be taxed differently than a vice (i.e. alcohol or tobacco).** Imposing an excessive tax on medicine is an unnecessary burden on legal patients, including many who are economically vulnerable. We’ve attached a memo to this letter outlining why patients using medical cannabis should not be subject to “sin taxes” on their medicine.
- It’s important to remember that many medical cannabis patients have chronic or debilitating illnesses. As the years go by they are unable to work full-time and then unable to work at all. **Is it really fair to impose a 30% tax for the homeless on people who are one disability check away from being homeless themselves?** This would never be contemplated or tolerated with other medicines like insulin or blood pressure medication.
- Of the nine funding mechanisms identified in the March 18th report from the Chief Legislative Analyst, the proposal to tax medical cannabis even more heavily than it is currently taxed is one of the least lucrative suggestions; only suggestion No. 8 would

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bring in less money. **Is it really fiscally efficient to burden the sick and dying with a 30% tax when that tax would not cover the cost of the proposed homeless programs or ongoing expenses related to these programs?**

- Research shows that more than 1.4 million Californians had used medical cannabis as of 2012, and 92% of those reported significant relief from a serious medical condition. The most commonly treated conditions included cancer, chronic pain, arthritis, and migraines, – conditions for which conventional treatments are unavailable or ineffective (“Prevalence of medical marijuana use in California, 2012,” *Drug and Alcohol Review* (2014), DOI: 10.1111/dar.12207). **You would never seek to impose a 30% tax on insulin or blood pressure medication. Studies have indicated that medical cannabis is just as effective for symptom relief as many other drugs with far fewer side effects.**
- In addition to the proposed City tax, there are three proposals at the state level to increase medical cannabis taxes, and the county has also proposed to fund homeless programs via a marijuana tax, which they plan to levy in cities which allow safe access and are already taxing patients. **The combined tax burden from all of these proposals would place medical cannabis out of the reach of the average patient, forcing the patient to go without, or even worse, drive them to the black market.**

Our organization respectfully requests that the proposed 15% tax contained in the “Funding Options for Addressing Homelessness” be withdrawn as a taxing option and that the Committee recommend the Council refrain from imposing local sales taxes on medical cannabis to fund homeless programs.

We look forward to working with you on this issue. If you have any concerns or questions I can be reached at: (805) 279-8229 or industry@safeaccessnow.org.

Founded in 2002, Americans for Safe Access (ASA) is the largest national member-based organization of patients, medical professionals, scientists, and concerned citizens promoting safe and legal access to marijuana for therapeutic use and research. ASA has more than 100,000 active members with chapters and affiliates in all 50 states.

Sincerely,



Sarah Armstrong JD
Director of Industry Affairs
Americans for Safe Access

Cc: The Honorable Eric Garcetti
The Los Angeles City Council

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MEDICINE FOR REAL

California Lawmakers Should Tax and Regulate Cannabis Like Medicine

Last year's trio of bills comprising The Medical Marijuana Regulation and Safety Act (MMRSA) bring overdue clarity to California's 20-year-old program, but many legislative decisions that affect legal medical cannabis patients remain. In considering those decisions, it is important that lawmakers and regulators treat medical cannabis like real medicine.

We tax and regulate vices, such as alcohol and tobacco, in a fundamentally different way than we do medicine. We would never erect barriers to obtaining heart medication, but we do take steps to discourage tobacco use. Likewise, we would not tolerate a sin tax on insulin or chemotherapy, even if the revenue was dedicated to a laudable goal. Lawmakers must resist the temptation to lump medical and non-medical cannabis use together when making policy choices.

Some Californians, including members of the legislature, claim most medical cannabis patients are not really ill. One lawmaker recently testified that as few as 30% of patients are legitimate but provided no evidence to support the allegation. Some anecdotes of abuse of the state's medical cannabis law may be true, but lawmakers should reject the cynical position that most medical cannabis patients are recreational users. Research and experience show otherwise.

A study published in 2014 shows that of the 1.4 million Californians who have used medical cannabis, almost all (92%) report cannabis helped treat the symptoms of a serious medical condition. The study challenges the commonly held perception that medical cannabis is being overused by healthy people and demonstrates that the state's medical cannabis laws are providing real relief to many Californians ("Prevalence of medical marijuana use in California, 2012," Drug and Alcohol Review (2014), DOI 10.1111/dar. 12207).

This groundbreaking report is the first based on a large dataset representative of the state's population. The California Behavioral Risk Factor Surveillance System, which is an ongoing cross-sectional telephone survey, interviewed more than 7,500 Californians in English and Spanish, making this the most comprehensive scientific study of cannabis use in California ever conducted.

The analysis shows that one in twenty Californians have used medical cannabis. More than 30% used medical cannabis to treat chronic pain; 11% used it for arthritis, 8% for mi-

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[MEDICINE FOR REAL, continued from front]

graines, and 7% for cancer. Participants also reported using medical cannabis to treat the symptoms of HIV/AIDS, glaucoma, muscle spasms, nausea, stress, and depression. These are not trivial or minor ailments. These are serious medical conditions for which conventional treatments are often ineffective or unavailable.

The results refute smaller studies that suggest most users are young white males. Researchers found that medical cannabis was used at similar rates by men and women, the young and the old, patients with high and low levels of education, and in various regions of the state.

This rigorous evidence that medical cannabis is commonly used throughout the state by a diverse population, and that it is highly effective in treating serious conditions, matters right now. Lawmakers are considering new legislation this year regarding taxation, commercial licensing, patients' rights, and more. Those important decisions will affect medical cannabis patients and other stakeholders and need to be informed by facts, not anecdotes, misperceptions, or bias.

Voters are likely to decide in November if cannabis should be legal for non-medical use. There should be a separate conversation about what posture lawmakers and regulators take towards cannabis used for non-medical purposes. Those taxes and regulations might reasonably differ from those related to legal medical use.

In the meantime, we need everyone who is going to make a decision about medical cannabis this year to understand that medical cannabis is medicine for real. That is important because decisions made about genuine medicine will be fundamentally different than those we make about regulating alcohol, tobacco, or non-medical cannabis. The idea that most medical cannabis users are not really sick or that their use is not medical is misinformation. The research says otherwise, and our local and state policies should reflect the critical role medical cannabis plays in the treatment of California patients.

* * *

Founded in 2002, Americans for Safe Access (ASA) is the nation's leading medical cannabis patient advocacy organization. Our mission is to ensure safe and legal access to cannabis for therapeutic uses and research. ASA works with our grassroots base of over 100,000 members to effect change using public education and direct advocacy at the local, state, and federal level. You can learn more about our organization at: safeaccessnow.org

Contact ASA California Director Don Duncan at don@safeaccessnow.org or (916) 449-3975 for more information.



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