



April 27, 2016

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

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 – Proposal Originally Suggested in “Funding Options for the Homeless” Report Dated March 18, 2016, Copy Attached. **Issue to be considered Friday April 29th During Budget and Finance Meeting As Part of the Budget Discussion on Funding Homeless Programs.**

Dear Honorable Members of the Budget and Finance Committee:

We are writing to request that marijuana taxes **not** be increased to pay for homeless programs. For the reasons listed below, we are requesting that the honorable committee include in its recommendations to the Council a recommendation to remove marijuana taxes from the list of funding options for homeless programs.

In a report dated March 18th, the Chief Legislative Analyst suggested in a report entitled “Funding Options for Addressing Homelessness” that a 15% tax be levied on sales of medical marijuana. Whether this was meant to be in addition to the existing 6% tax or simply replace it, is unclear. A copy of the report is attached. (See: Page 18 of the report, item #9).

Our request to remove marijuana taxes as a source for funding homeless programs is being made for the following reasons:

Patients, not businesses, 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 at a 15% tax rate. This is the highest combined tax rate in the City. (See: attached receipt for medical cannabis).

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.

Headquarters

1300 Clay Street, Suite 600, Oakland CA 94612
PHONE: 510.251.1856

National Office

1806 Vernon St. NW, Suite 100, Washington DC 20009
PHONE: 202.857.4272 FAX: 202.857.4273

General Information

WEB: www.AmericansForSafeAccess.org
TOLL FREE: 1.888.939.4367

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.

It's also 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.

Alcoholism is often a feeder condition for homelessness. Yet none of the nine proposals for funding the homeless project proposes a tax on alcohol, despite a recent Los Angeles Times Article which points out that the State charges less than the national average for import taxes on alcohol, resulting in comparatively lower costs being passed on to the consumer. (See: <http://www.latimes.com/local/lanow/la-me-ln-california-alcohol-tax-study-20160325-story.html>).

Moreover, 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 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?

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.

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).

These are not trivial conditions, and use of medical cannabis to treat symptoms is legal and legitimate under California law. Lawmakers must be mindful of the cumulative tax burden imposed on legal patients and careful not to stack on taxes.

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, access 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 that the Council refrain from imposing local sales taxes on medical cannabis to fund homeless programs.

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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

Headquarters

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Below is the excerpt from the March 18, 2016 Legislative Report entitled: "Funding Options for Addressing Homelessness" authored by Sharon M. Tso. Pages 18 and 19 are reproduced here. The entire report is contained in Council File No. 16-0047 and can be accessed there.

9. Marijuana Tax

Funding Type: Tax; Special.

Approval By: Voters; Use of funds specifically for homeless purposes requires a two-thirds Yes vote

Use: Construction of PSH or supportive services *Amount Generated:* \$16.7 million annually

Description: The City would join other cities in California in passing up to a 15 percent excise tax on medical marijuana sales and cultivation. Riverside County cities successfully passed a tax on medical marijuana sales and cultivation. Cathedral City voted to enact a \$0.15 per dollar sales tax on medical marijuana; in Desert Hot Springs voters approved a 10 percent monthly gross receipts tax on sales, plus a tax on medical marijuana cultivation of \$25 per square foot for the first 3,000 square feet, and \$10 per square foot thereafter. Santa Cruz city and county also approved a retail tax, and voters approved a 6 percent added sales tax in Shasta Lake City. Such a tax could be charged for medical marijuana, currently legalized in the City; or, if recreational marijuana is approved

at the State level, taxing either or both would be an option. The County of Los Angeles is currently exploring this potential source as an option to fund its homelessness initiatives.

Funding Potential: An estimated sales tax amount of \$16.7 million annually based on 15 percent of 2015 gross receipts tax; taxable amount relative to recreational-use sales and cultivation unknown. Existing medical marijuana clinics are subject to a six percent tax on gross receipts. If the legalization of recreational marijuana use is approved on the November 2016 ballot, revenues to the City would be significantly more.

Reason for Recommendation: Special taxes are levied on several specific products, such as gasoline and tobacco. Marijuana is a new product in the marketplace and could be a significant source of new revenue.

Use of Funds: Construction of PSH or supportive services, such as hygiene facilities like mobile showers, safe parking, vouchers, homelessness prevention and outreach.

Potential Disadvantages: There are multiple, anticipated initiatives involving marijuana on the November 2016 ballot; this may lead to confusion on behalf of the voting public.

Legal Issues: None identified.

Implementation Steps: If the Council chooses to place this measure on the November 2016 ballot, adequate time should be given to the City Attorney to prepare the necessary documents. In order to do so, the Council should make the request to the City Attorney to prepare the election resolutions placing measures on the ballot no later than June 1, 2016. The last day for the Council to adopt a Resolution of Necessity (required for the issuance of bonds) is June 29, 2016. The last day for the Council to adopt Election Resolutions is July 1, 2016. If the Council chooses to place this measure on the March 7, 2017 Primary Nominating Election ballot, the last day for Council to instruct the City Attorney to prepare resolutions placing measures on the ballot is November 2, 2016.

Timeline: Unknown given that sales tax revenues and collection are likely to be structured differently than cultivation revenues and collection.

Recommended Action: Instruct the CAO and CLA, with the assistance of the City Attorney, City Clerk, and any other relevant departments to report on the feasibility, impacts and appropriate structure for a marijuana tax. Request, no later than June 1, 2016, the City Attorney to prepare the necessary resolutions so that Council may adopt the Resolution

THE HIGHER PATH

THE HIGHER PATH

14080 Ventura Blvd
Sherman Oaks, CA 91423
818-385-1224

Patient #12544

Points: 244

April 05, 2016 01:28 pm

10.5 GR: Super Silver Haze \$104.21

Lord Jones 5mg \$21.74

SUBTOTAL: \$125.95

SALES TAX: \$11.34

MEASURE D PRE-ICO TAX: \$7.56

TOTAL: \$144.85

PAID: \$160.00

DUE: -\$15.15

CHANGE: -\$15.15

Payment Received:

CASH: \$160.00

CASH: -\$15.15

Order ID:89686

RETURN POLICY: Store credit only.
Patient Must bring receipt. No returns
on flower. No returns past 7 days.



Richard Williams <richard.williams@lacity.org>

Public Comment

Sophia Santana <sophiasantana302@gmail.com>

Fri, Apr 29, 2016 at 7:54 AM

To: Richard Williams <richard.williams@lacity.org>

I would like to make a comment for the special meeting of April 29,2016 on

ITEM NO. (1) Consideration of the Mayor's 2016-17 Proposed Budget, including Los Angeles Homeless Services Authority (LAHSA).

I would like to ask that when the 1.8 billion dollars is dispersed, I would like to ask for \$2,000 each for the *La Family*

housing cooperation in Canoga Park and in North Hollywood.

These are very underfunded programs that have gave the homeless refuge and safety.

They have served the community of the San Fernando Valley by reducing the amount of homeless citizens.They would use the money for food, essentials, and beds.

Thank you



Richard Williams <richard.williams@lacity.org>

Comment on CF#16-0600 (proposed FY 2016-17 Budget), support for Eagle Rock Dog Park

Anthony Miranda <a.carper151@gmail.com>

Fri, Apr 29, 2016 at 10:15 AM

To: mayor.garcetti@lacity.org, richard.williams@lacity.org, councilmember.krekorian@lacity.org, councilmember.ENGLANDER@lacity.org, councilmember.KORETZ@lacity.org, councilmember.BLUMENFIELD@lacity.org, councilmember.BONIN@lacity.org

Dear Mayor Garcetti and Members of the Budget and Finance Committee,

Thank you all for your efforts to make Los Angeles a healthier place to live, for both its citizens and their pets. I'd like to request that the funding for the Eagle Rock Dog Park, which the Mayor discussed with our Neighborhood Council on April 9, be included in the city's Proposed Budget for 2016-17, as a Recreation and Parks line item. The amounts are \$785,000 for construction of the park, and approximately \$150,000 for maintenance.

With currently only nine off leash dog parks in the City of Los Angeles, more recreational spaces for people and their dogs are sorely needed. Our Councilmember and our entire neighborhood are enthusiastically supportive of this improvement, which will boost the health, safety, and economy of Eagle Rock.

Please attach this letter as a comment to CF#16-0600 (proposed FY 2016-17 Budget). Thank you.

Respectfully,

Anthony Miranda
Eagle Rock Resident



Helping People,
Building Community

Mister Chairman and Members of the Budget & Finance Committee:

Little Tokyo Service Center fully supports the Mayor's request to have \$138,000,000 included for homeless housing and services in this fiscal year budget.

LTSC has developed housing for homeless youth and families and provides housing and services for victims of domestic violence. Recent data from the County show that the incidence of homelessness due to domestic violence increased at a higher rate than other types. Another study, many years old, shows that homeless youth consume a large share of service dollars, not to mention that they continue to be homeless as adults in many instances.

More permanent supportive housing as well as affordable housing must be created in order to avoid further costs in service programs for families and youth and victims of domestic violence. Without permanent supportive housing, services cannot be provided. Without services, formerly homeless persons cannot maintain their housing.

As the City of Angels is being considered as a site for Olympics in the near future, it is important to the residents of the City that the most vulnerable, the poorest of the poor have a place to call home.

LTSC supports the Mayor's \$138,000,000 budget request for homeless housing and services.

Thank you.

Respectfully submitted

Neil McGuffin
Director of Real Estate Development
April 29, 2016



Richard Williams <richard.williams@lacity.org>

Fwd: Budget and Finance Committee: Fund Preservation Positions in Dept of City Planning

Erika Pulst <erika.pulst@lacity.org>
To: Richard Williams <richard.williams@lacity.org>

Mon, May 2, 2016 at 2:52 PM

—— Forwarded message ——

From: **Kim Orlando** <daphnekimo@gmail.com>

Date: Fri, Apr 29, 2016 at 5:19 PM

Subject: Budget and Finance Committee: Fund Preservation Positions in Dept of City Planning

To: councilmember.krekorian@lacity.org, councilmember.englander@lacity.org, paul.koretz@lacity.org,
councilmember.blumenfeld@lacity.org, councilmember.bonin@lacity.org, erika.pulst@lacity.org,
councilmember.wesson@lacity.org, lauraine.braithwaite@lacity.org

Cc: landusepiconc@yahoo.com

Dear Budget & Finance Committee members and staff, and Council President Wesson,

The Los Angeles Department of City Planning is asking for \$171,296 in next year's budget to fund two existing staff positions devoted to conserving older and historic neighborhoods. This funding does not appear in the mayor's current proposed budget, and we ask you to commit the funding and restore these positions.

While this amount represents a miniscule portion (.0019558%) of the city's overall budget of more than \$8 billion, this small staffing investment can have a tremendous impact in protecting entire neighborhoods for decades to come.

If these staff positions are eliminated, Angelenos will continue to see their neighborhoods' character chip away, one teardown at a time. The benefits of preserving neighborhood character are undeniable, and you are no doubt well aware that these issues – and these positions – are of critical importance to your constituents.

Please, restore the funding for these critical neighborhood preservation positions in City Planning.

Respectfully,

Donald and Kim Orlando

Your Name
Neighborhood
CD 10



Richard Williams <richard.williams@lacity.org>

Fwd: Budget and Finance Committee: Fund Preservation Positions in Dept of City Planning

Erika Pulst <erika.pulst@lacity.org>
To: Richard Williams <richard.williams@lacity.org>

Mon, May 2, 2016 at 2:53 PM

—— Forwarded message ——

From: Tina Nakane <tinoi1of3@gmail.com>
Date: Fri, Apr 29, 2016 at 5:57 PM
Subject: Budget and Finance Committee: Fund Preservation Positions in Dept of City Planning
To: councilmember.krekorian@lacity.org, councilmember.englander@lacity.org, paul.koretz@lacity.org,
councilmember.blumenfeld@lacity.org, councilmember.bonin@lacity.org, erika.pulst@lacity.org,
lauraine.braithwaite@lacity.org, councilmember.wesson@lacity.org
Cc: LandUse PICONC <landusepiconc@yahoo.com>

Dear Budget & Finance Committee members and staff, and Council President Wesson,

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Please, restore the funding for these critical neighborhood preservation positions in City Planning.

Respectfully,

Cristina Nakane
Carthay Circle