

## RESOLUTION

Resolution providing that a ballot proposition be submitted to the qualified voters of the City of Los Angeles.

### BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

Section A. The following ordinance of the City of Los Angeles is hereby proposed to be submitted for approval by a two-thirds vote of qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the State's General Election held on November 6, 2018:

#### ORDINANCE NO. \_\_\_\_\_

An ordinance adding new sections to the Los Angeles Municipal Code and Los Angeles Administrative Code to fund public infrastructure, youth and education programs, cannabis-related programs and other specific programs within the City of Los Angeles through the imposition of special taxes on medical and nonmedical cannabis activities.

**WHEREAS**, on November 8, 2016, the voters of the State of California approved Proposition 64, an initiative also known as the Adult Use of Marijuana Act (AUMA). AUMA legalized the personal possession of an ounce or less of cannabis and/or up to eight grams of concentrated cannabis. Retail sales of nonmedical cannabis was also legalized pursuant to a state license;

**WHEREAS**, the passage of the AUMA created new challenges for local governments to properly legislate the commercialization of nonmedical cannabis and medical cannabis, including their derivative products and services;

**WHEREAS**, in order to protect the public and consumers of medical and nonmedical cannabis, and reduce the negative secondary impacts on the City's communities, the City enacted an initial comprehensive regulatory and enforcement system, as approved by the voters of the City of Los Angeles on March 7, 2017 and embodied in Proposition M;

**WHEREAS**, Proposition M also enacted a new gross receipts tax regime of various rates on those who engage in the commercialization of nonmedical and medical cannabis, including their derivative products and services, as set forth in Sections 21.51 and 21.52 of Article 1 of Chapter II of the Los Angeles Municipal Code; and

**WHEREAS**, the City wishes to add an additional gross receipts tax on those who engage in the commercialization of nonmedical and medical cannabis, with such proceeds to be deposited in a special Cannabis Reinvestment Trust Fund of the City of Los Angeles and used to mitigate the impact of cannabis and cannabis products within

the City of Los Angeles, such as for public improvements, parks, libraries, recreation centers and youth programs near licensed cannabis businesses, cannabis-related programs, including education, outreach, social equity and enforcement; and youth activities and education programs.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. This ordinance shall be known and may be cited as the “Cannabis Reinvestment Act.”

Sec. 2. A new Section 21.51.1 is added to Article 1 of Chapter II of the Los Angeles Municipal Code to read as follows:

**SEC. 21.51.1. SPECIAL TAXATION OF CANNABIS.**

Nothing in this section shall be construed as requiring the City to allow, permit, license, authorize, or otherwise regulate cannabis, cannabis products or any business related to cannabis and/or cannabis products.

(a) Every person described in Section 21.51(b) of this article, which includes every person with a license who is engaged in business of: (1) conducting the sale of cannabis and/or cannabis products; (2) transporting cannabis and/or cannabis products; (3) testing cannabis and/or cannabis products; (4) researching cannabis and/or cannabis products; (5) manufacturing or cultivating cannabis and/or cannabis products; or (6) the commercialization of cannabis and/or cannabis products not specifically designated above, shall pay a special business tax of \$10.00 for each \$1,000.00 of gross receipts, as defined under Section 21.51(a)(4), or fractional part thereof, except as provided in Subsection (b).

(b) In the event the sum of all the gross receipts of every person subject to Sections 21.51, 21.52, and 21.51.2 of this article equals or exceeds \$1.5 billion during any calendar year, as verified by the Office of Finance, the special tax provided under Subsection (a) shall increase to \$20.00 for each \$1,000.00 of gross receipts or fractional part thereof, as of July 1 of the following year, and thereafter.

(c) For purposes of Subsection (b), the Office of Finance shall file an annual report with the City Council and Mayor on or before May 1 summarizing the gross receipts reported by all persons subject to Sections 21.51, 21.52, and 21.51.2.

(d) The special business tax to be paid under this section shall be in addition to any business tax separately imposed and paid under Section 21.51.

(e) Every person subject to the special business tax imposed under this section shall also be subject to the conditions, procedures, penalties, and/or obligations set forth under Sections 21.51(d) through 21.51(i).

(f) The special business tax under this section shall be allocated and used for the purposes set forth under Sections 5.589, 5.590, and 5.591 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

(g) The City Council may impose the tax authorized by this section at a lower rate and may establish exemptions, incentives or other reductions as otherwise allowed by the Charter and state law. No action by the Council under this paragraph shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction and restoring up to the maximum tax specified in this section.

(h) Words or phrases not otherwise defined in this section shall have the meanings ascribed to them under Section 21.51(a) and this article.

(i) The provisions of this section shall be effective July 1, 2019.

Sec. 3. A new Section 21.52.1 is added to Article 1 of Chapter II of the Los Angeles Municipal Code to read as follows:

**SEC. 21.52.1. SPECIAL TAXATION OF MEDICAL CANNABIS.**

Nothing in this section shall be construed as requiring the City to allow, permit, license, authorize, or otherwise regulate medicinal cannabis or any business related to medicinal cannabis.

(a) Every person described in Section 21.52(b) of this article, which is every person with a license who is engaged in the business of conducting the sale of medical cannabis, shall pay a special business tax of \$10.00 for each \$1,000.00 of gross receipts, as defined under Section 21.51(a)(4), or fractional part thereof, except as provided in Subsection (b).

(b) In the event the sum of all the gross receipts of every person subject to Sections 21.51, 21.52, and 21.51.2 of this article equals or exceeds \$1.5 billion during any calendar year, as verified by the Office of Finance, the special tax provided under Subsection (a) shall increase to \$20.00 for each \$1,000.00 of gross receipts or fractional part thereof, as of July 1 of the following year, and thereafter.

(c) For purposes of Subsection (b), the Office of Finance shall file an annual report with the City Council and Mayor on or before May 1 summarizing the gross receipts reported by all persons subject to Sections 21.51, 21.52, and 21.51.2.

(d) The special business tax to be paid under this section shall be paid in addition to any applicable business tax separately imposed under Section 21.52.

(e) Every person subject to the special business tax imposed under this section shall also be subject to the conditions, procedures, penalties, and/or obligations set forth under Sections 21.52(d) through 21.52(i) and this article.

(f) The special business tax under this section shall be allocated and used for the purposes set forth under Sections 5.589, 5.590, and 5.591 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

(g) The City Council may impose the tax authorized by this section at a lower rate and may establish exemptions, incentives or other reductions as otherwise allowed by the Charter and state law. No action by the Council under this paragraph shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction and restoring up to the maximum tax specified in this section.

(h) Words or phrases not otherwise defined in this section shall have the meanings ascribed to them under Section 21.52(a).

(i) The provisions of this section shall be effective July 1, 2019.

Sec. 4. A new Section 21.51.2 is added to Article 1 of Chapter II of the Los Angeles Municipal Code to read as follows:

**SEC. 21.51.2. SPECIAL TAXATION OF CANNABIS EVENT ORGANIZERS AND CANNABIS MANAGEMENT COMPANIES.**

(a) For purposes of this section, the following words and phrases shall be defined as follows:

1. **“Licensed Cannabis Event Organizer”** shall mean any person who organizes an event held on premises within the City of Los Angeles at which cannabis and/or cannabis products are sold and/or consumed under a temporary event license granted pursuant to Article 4 of Chapter X of the Los Angeles Municipal Code.

2. **“Registered Cannabis Management Company”** shall mean any person required to register as a management company with City’s Department of Cannabis Regulation pursuant to Article 4 of Chapter X of the Los Angeles Municipal Code.

(b) Every Licensed Cannabis Event Organizer and Registered Cannabis Management Company shall pay a special business tax of \$10.00 for each \$1,000.00 of gross receipts, as defined under Section 21.51(a)(4), or fractional part thereof.

(c) The special business tax to be paid under this section shall be paid in addition to any business tax separately imposed under Section 21.51.

(d) Every person subject to the special business tax imposed under this section shall also be subject to the conditions, procedures, penalties, and/or obligations set forth under Sections 21.51(d) through 21.51(i) and this article.

(e) The special business tax under this section shall be used for the purposes set forth under Section 5.590 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

(f) The City Council may impose the tax authorized by this section at a lower rate and may establish exemptions, incentives or other reductions as otherwise allowed by the Charter and state law. No action by the City Council under this paragraph shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction and restoring up to the maximum tax specified in this section.

(g) Words or phrases not otherwise defined in this section shall have the meanings ascribed to them first under Section 21.51(a) and this article.

(h) The provisions of this section shall be effective July 1, 2019.

Sec. 5. A new Article 1.18 is added to Chapter II of the Los Angeles Municipal Code to read as follows:

## ARTICLE 1.18

### SPECIAL CANNABIS TESTING TAX

#### SEC. 21.18.1. DEFINITIONS.

The following words and phrases whenever used in this article shall be construed as defined in this section:

(a) **“cannabis”** shall have the same meaning as provided under Section 21.51(a) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(b) **“cannabis products”** shall have the same meaning as provided under Section 21.51(a) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(c) **“City”** shall mean the City of Los Angeles, a municipal corporation.

(d) **“Federal Government”** shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America.

(e) **“Office of Finance”** shall mean the office described under Section 300 of the Charter of the City of Los Angeles.

(f) **“person”** shall have the same meaning as provided under Section 21.00(d) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(g) **“special tax”** shall mean the Special Cannabis Testing Tax imposed under this article.

(h) **“State public body”** shall mean the State of California, or any city, city and county, county, district, authority, agency, or any other subdivision or public body of the State of California.

(i) **“Testing Certificate”** shall mean a Certificate of Analysis (COA) pursuant to Section 26100 of Chapter 10 of Division 10 of the California Business and Professions Code, or any other document the State of California may require in place of a COA.

(j) **“testing laboratory”** shall mean a facility, entity, or site in the City of Los Angeles that issues a Testing Certificate for cannabis and/or cannabis products.

#### **SEC. 21.18.2. EXEMPTIONS.**

(a) Nothing in this article shall be construed as imposing this special tax upon any person when the imposition of the special tax upon such person would be in violation of either the Constitutions of the United States or the State of California.

(b) The special tax imposed by this article shall not be levied upon any State public body or the Federal Government.

#### **SEC. 21.18.3. SPECIAL CANNABIS TESTING TAX.**

Effective July 1, 2019, there is hereby imposed a special tax of \$5.00 on each Testing Certificate issued by a testing laboratory for cannabis and/or cannabis products.

#### **SEC. 21.18.4. PURPOSE.**

The special tax imposed under this article shall be used for the purposes set forth under Section 5.591(b) of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

#### **SEC. 21.18.5. COLLECTION OF THE SPECIAL TAX.**

Every testing laboratory shall collect, at the time of issuing a Testing Certificate, the special tax imposed under this article from every person requesting such testing of cannabis and/or cannabis products.

#### **SEC. 21.18.6. REMITTANCE OF THE SPECIAL TAX.**

(a) The special tax collected, or owed but not collected, pursuant to this article, and any amount of special tax which was collected but unreturned under the representation that it was a special tax imposed under this article, shall constitute a debt owed to the City by such person described in Section 21.18.5, which shall be extinguished only by the remittance of the collected special tax to the Office of Finance.

(b) The special tax collected, or owed but not collected, under this article shall be remitted to the Office of Finance in the same manner as is provided in Sections 21.51(d) and 21.51(e) of this chapter, together with a statement, on a form provided by the Office of Finance, showing the number of Testing Certificates issued, the amount of the special tax collected, and such other information as the Office of Finance shall require.

(c) The Office of Finance may shorten or extend the reporting period with respect to the remittance of the special tax to ensure its proper administration.

#### **SEC. 21.18.7. PENALTIES AND INTEREST.**

(a) Special taxes which are not remitted to the Office of Finance on or before the due dates fixed under Section 21.18.6(b), or such date fixed by the Office of Finance as provided under this article, shall be subject to penalties and interest.

(b) Interest and penalties shall be imposed at the rates and in the same manner as is provided in Sections 21.05(b) and 21.05(e) of this chapter.

(c) The Office of Finance shall have the power to impose additional penalties for fraud and negligence in reporting and remitting the special tax, in the same manner and at the same rates as are provided in Sections 21.05(c) and 21.05(d) of this chapter.

(d) Every penalty imposed and any interest accrued under the provisions of this article shall become a part of the special tax due and owing to the City.

#### **SEC. 21.18.8. ADDITIONAL POWERS AND DUTIES OF OFFICE OF FINANCE.**

(a) The Office of Finance shall have the power and duty, and is hereby directed to enforce each and all of the provisions of this article.

(b) In administering and enforcing the provisions of this article, the Office of Finance shall have the same powers and duties with respect to collecting the special tax provided herein in the same manner as provided under Section 21.15 of this chapter.

(c) The provisions of Sections 21.12, 21.16, 21.17, 21.20, and 21.21 of this chapter shall apply in the same manner in the administration and collection of the special tax imposed under the provisions of this article.

(d) The provisions of Sections 21.18(b) and 21.18(c) of this chapter shall apply in the same manner in the administration and collection of the special tax imposed under this article.

**SEC. 21.18.9. ASSESSMENT – ADMINISTRATIVE REMEDY.**

The Office of Finance may make an assessment for unremitted special taxes for any reason specified under Section 21.16 of this chapter. The manner of making and providing a notice of such assessment and related administrative remedies shall apply or be made available in the same manner as provided in Section 21.16 of this chapter.

**SEC. 21.18.10. RECORDS.**

Every person liable for the collection and payment to the City of the special tax imposed by this article shall keep and preserve, for a period of four years, all records as may be necessary to determine the amount of such special tax as such person may have been liable for the collection of and payment to the City. The Office of Finance shall have the right to inspect such records at all reasonable times.

**SEC. 21.18.11. CANNABIS REINVESTMENT TRUST FUND.**

(a) The special taxes collected pursuant to this article shall be placed in the Cannabis Reinvestment Trust Fund as provided under Section 5.588 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

(b) If at the end of any fiscal year, any unencumbered money raised by this Special Tax remains, it shall be used in a succeeding fiscal year for the purposes stated in this article.

(c) The cost of enforcement and administration of this special tax, including any refunds and adjustments, shall be paid from proceeds from this special tax in the Cannabis Reinvestment Trust Fund.

**SEC. 21.18.12. REFUNDS, ADJUSTMENTS, AND PAYMENTS.**

(a) Requests for refunds based on the exemptions provided under Section 21.18.2 or adjustments on the imposition of this Special Tax may be filed with Office of Finance or such other department, agency, or division designated by the Mayor and City Council.

(b) All refunds or adjustments under this section shall be administered and determined by the Office of Finance or such other department, agency, or division designated by the Mayor and City Council, in the same manner as provided under Section 21.07 of this chapter or such other manner proscribed by ordinance.



(c) No claim for refund shall be allowed in whole or in part unless filed with the Office of Finance or such other designated department, agency, or division within one year from the date of the claimed overpayment, and each claim for refund of the amount of the overpayment must be filed on forms furnished, and in the manner prescribed, by the Office of Finance or such other designated department, agency, or division.

Sec. 6. A new Article 1.19 is added to Chapter II of the Los Angeles Municipal Code to read as follows:

## ARTICLE 1.19

### SPECIAL CANNABIS EVENT ADMISSION TAX

#### SEC. 21.19.1. DEFINITIONS.

The following words and phrases whenever used in this article shall be construed as defined in this section:

(a) **“admission”** shall mean any act of entry by a person to any portion of Temporary Cannabis Event.

(b) **“attend”** shall mean the act of viewing, listening, observing, or being present at.

(c) **“cannabis”** shall have the same meaning as provided under Section 21.51(a) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(d) **“cannabis products”** shall have the same meaning as provided under Section 21.51(a) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(e) **“City”** shall mean the City of Los Angeles, a municipal corporation.

(f) **“distribute”** shall mean the sale of any ticket.

(g) **“Federal Government”** shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America.

(h) **“Office of Finance”** shall mean the office described under Section 300 of the Charter of the City of Los Angeles.

(i) **“person”** shall have the same meaning as provided under Section 21.00(d) of Article 1 of Chapter II of the Los Angeles Municipal Code.

(j) **“premises”** shall include any property, building, structure, enclosure, grounds, location, or place, whether improved or not, at, in or upon which any Temporary Cannabis Event may be held.

(k) **“special tax”** shall mean the special Cannabis Event Admission Tax imposed under this section.

(l) **“State public body”** shall mean the State of California, or any city, city and county, county, district, authority, agency, or any other subdivision or public body of the State of California.

(m) **“Temporary Cannabis Event”** shall mean any event held on premises within the City of Los Angeles at which cannabis and/or cannabis products are sold and/or consumed under a temporary event license granted pursuant to Article 4 of Chapter X of the Los Angeles Municipal Code.

(n) **“ticket”** shall mean any ticket, pass, indicia, certificate, book, card, device, digital application, token, strip, loop, tie, cord, identifier, or mark, the ownership or possession of which entitles the owner or the holder thereof admission to any Temporary Cannabis Event.

#### **SEC. 21.19.2. EXEMPTIONS.**

(a) Nothing in this article shall be construed as imposing this special tax upon any person when the imposition of the special tax upon such person would be in violation of either the Constitutions of the United States or the State of California.

(b) The special tax imposed by this article shall not be levied upon any State public body or the Federal Government.

#### **SEC. 21.19.3. SPECIAL CANNABIS EVENT ADMISSION TAX.**

Effective July 1, 2019, there is hereby imposed a special tax of \$5.00 on each ticket distributed for a Temporary Cannabis Event.

#### **SEC. 21.19.4. PURPOSE.**

The special tax imposed under this article shall be used for the purposes set forth under Section 5.590 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

#### **SEC. 21.19.5. COLLECTION OF THE SPECIAL TAX.**

Every person who distributes tickets for a Temporary Cannabis Event shall collect the special tax imposed under this article from every person who is provided a ticket.

**SEC. 21.19.6. REMITTANCE OF THE SPECIAL TAX.**

(a) The special tax collected, or owed but not collected, pursuant to this article, and any amount of special tax which was collected but unreturned under the representation that it was a special tax imposed under this article, shall constitute a debt owed to the City by such person described in Section 21.19.5, which shall be extinguished only by the remittance of the collected special tax to the Office of Finance.

(b) The special tax collected, or owed but not collected, under this article shall be remitted to the Office of Finance in the same manner as is provided in Sections 21.51(d) and 21.51(e) of this chapter, together with a statement, on a form provided by the Office of Finance, showing the number tickets distributed during the period, the amount of the special tax collected, and such other information as the Office of Finance shall require.

(c) The Office of Finance may shorten or extend the reporting period with respect to the remittance of the special tax to ensure its proper administration.

**SEC. 21.19.7. PENALTIES AND INTEREST.**

(a) Special taxes which are not remitted to the Office Finance on or before the due dates fixed under Section 21.19.6(b), or such other date fixed by the Office of Finance as provided under this article, shall be considered delinquent and subject to penalties and interest.

(b) Interest and penalties shall be imposed at the rates and in the same manner as is provided in Sections 21.05(b) and 21.05(e) of Article 1 of this chapter.

(c) The Office of Finance shall have the power to impose additional penalties for fraud and negligence in reporting and remitting the special tax, in the same manner and at the same rates as are provided in Sections 21.05(c) and 21.05(d) of Article 1 of this chapter.

(d) Every penalty imposed and any interest accrued under the provisions of this article shall become a part of the special tax due and owing to the City.

**SEC. 21.19.8. ADDITIONAL POWERS AND DUTIES OF OFFICE OF FINANCE.**

(a) The Office of Finance shall have the power and duty, and is hereby directed to enforce each and all of the provisions of this article.

(b) In administering and enforcing the provisions of this article, the Office of Finance shall have the same powers and duties with respect to collecting the special tax provided herein in the same manner as provided under Section 21.15 of this chapter.

(c) The provisions of Sections 21.12, 21.16, 21.17, 21.20, and 21.21 of this chapter shall apply in the same manner in the administration and collection of the special tax imposed under this article.

(d) The provisions under Sections 21.18(b) and 21.18(c) of this chapter shall apply in the same manner in the administration and collection of the special tax imposed under this article.

#### **SEC. 21.19.9. ASSESSMENT – ADMINISTRATIVE REMEDY.**

The Office of Finance may make an assessment for unremitted special taxes for any reason specified under Section 21.16 of this chapter. The manner of making and providing a notice of such assessment and related administrative remedies shall apply or be made available in the same manner as provided in Section 21.16 of this chapter.

#### **SEC. 21.19.10. RECORDS.**

Every person liable for the collection and payment to the City of the special tax imposed by this article shall keep and preserve, for a period of four years, all records as may be necessary to determine the amount of such special tax as such person may have been liable for the collection of and payment to the City. The Office of Finance shall have the right to inspect such records at all reasonable times.

#### **SEC. 21.19.11. CANNABIS REINVESTMENT TRUST FUND.**

(a) The special taxes collected pursuant to this article shall be placed in the Cannabis Reinvestment Trust Fund as provided under Section 5.588 of Chapter 181 of Division 5 of the Los Angeles Administrative Code.

(b) If at the end of each fiscal year, any unencumbered money raised by this Special Tax remains, it shall be used in a succeeding fiscal year for the purposes stated in this article.

(c) The cost of enforcement and administration of this special tax, including any refunds and adjustments, shall be paid from the proceeds from this special tax in the Cannabis Reinvestment Trust Fund.

#### **SEC. 21.19.12. REFUNDS, ADJUSTMENTS, AND PAYMENTS.**

(a) Requests for refunds based on the exemptions provided under Section 21.19.2 or adjustments on the imposition of this special tax may be filed with Office of Finance or such other department, agency, or division designated by the Mayor and City Council.

(b) All refunds or adjustments under this section shall be administered and determined by the Office of Finance or such other department, agency, or division

designated by the Mayor and City Council, in the same manner as provided under Section 21.07 of this chapter or such other manner proscribed by ordinance.

(c) No claim for refund shall be allowed in whole or in part unless filed with the Office of Finance or such other designated department, agency, or division within a one year from the date of the claimed overpayment, and each claim for refund of the amount of the overpayment must be filed on forms furnished, and in the manner prescribed, by the Office of Finance or such other designated department, agency, or division.

Sec. 7. A new Chapter 181 is added to Division 5 of the Los Angeles Administrative Code to read as follows:

## CHAPTER 181

### CANNABIS REINVESTMENT TRUST FUND

#### Sec. 5.587. Definitions.

- (a) **“CRTF”** shall mean the Cannabis Reinvestment Trust Fund.
- (b) **“LAMC”** means the Los Angeles Municipal Code.
- (c) **“Licensed Cannabis Business”** shall mean a business premises that is licensed to conduct Commercial Cannabis Activity pursuant to Article 4, Chapter X of the Los Angeles Municipal Code.
- (d) **“Neighborhood Council”** shall mean a certified Neighborhood Council under Article 2 of Chapter 28 of Division 22 of the Los Angeles Administrative Code.
- (e) **“Public Improvements”** shall mean any public improvement including, but not limited to, construction and repair of streetscapes and sidewalks, façade improvements, building construction or rehabilitation, graffiti abatement, and road improvements.
- (f) **“Special Cannabis Gross Receipts Tax”** shall mean the special taxes collected pursuant to Sections 21.51.1 and 21.52.1 of Article 1 of Chapter II of the LAMC.
- (g) **“Special Cannabis Event Organizer and Management Company Tax”** shall mean the special taxes collected pursuant to Section 21.51.2 of Article 1 of Chapter II of the LAMC.
- (h) **“Special Cannabis Testing Tax”** shall mean the special taxes collected pursuant to Article 1.18 of Chapter II of the LAMC.

(i) **“Special Cannabis Event Admission Tax”** shall mean the special taxes collected pursuant to Article 1.19 of Chapter II of the LAMC.

(j) **“State public body”** shall mean the State of California, or any city, city and county, county, district, authority, agency, or any other subdivision or public body of the State of California.

(k) **“Special Taxes”** shall mean the taxes described in subsection (f), (g), (h), and (i) of this section.

(l) **“STEM”** shall mean an acronym for science, technology, engineering, and mathematics.

(m) **“Federal Government”** shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America.

#### **Sec. 5.588. Cannabis Reinvestment Trust Fund.**

(a) There is hereby established a special fund in the City Treasury entitled “Cannabis Reinvestment Trust Fund,” hereinafter referred as CRTF. The monies from the Special Taxes collected pursuant to Sections 21.51.1, 21.51.2, and 21.52.1 of Article 1 of Chapter II of the LAMC and Articles 1.18 and 1.19 of Chapter II of the LAMC shall be deposited into the CRTF.

(b) The Special Taxes collected and deposited into the CRTF shall be apportioned and used for the purposes set forth in this chapter. Appropriations from the CRTF shall be made by the City Council and Mayor in accordance with the City Charter.

(c) The monies from the Special Taxes shall be used exclusively for the purposes described under this chapter and for no other purpose. The monies of the Special Taxes deposited in the CRTF shall not be subject to reversion to the Reserve Fund, established under Charter Section 302. The monies deposited in the CRTF may be held in an interest bearing account. Nothing in this section shall prevent the use of the monies from the Special Taxes to reimburse the General Fund when money is advanced from the General Fund to pay for the uses provided for in this chapter. All interest earnings generated by the Special Taxes shall be part of the CRTF and are to be used only for the purpose for which the Special Taxes in this chapter is intended.

(d) Monies from the Special Taxes described in Subsection (a) shall not be used to supplant funding from existing sources currently allocated by the City and dedicated to the purposes described in Sections 5.589, 5.590 and 5.591 or any funding provided by a State public body or the Federal government, provided that such funding from existing sources are from established ongoing sources of funding, including grant and special funds, and subject to the continued availability of these funds.

(e) The City Controller shall audit the expenditures, as described in this chapter, in a manner that is consistent with the City Charter and report thereon to the City Council and Mayor on an annual basis.

(f) The City Administrative Officer, as the chief fiscal officer of the City, shall file an annual report with the City Council so long as the monies received from the Special Taxes remain available, such report shall contain: (i) the amount of the Special Taxes collected and expended; and (ii) the status of any program funded in part or in whole by the Special Taxes.

**Sec. 5.589. CRTF Funds Apportioned to City Council Districts.**

(a) Fifty percent of the Special Cannabis Gross Receipts Tax collected each fiscal year pursuant to Sections 21.51.1 and 21.52.1 of Article 1 of Chapter II of the LAMC and deposited into the CRTF shall be used for any the following purposes:

1. Public Improvements within a one-mile radius of any Licensed Cannabis Business, as measured from the nearest property line point of such Licensed Cannabis Business.

2. Child or youth programs, which includes youth or child development activities for those between the ages of 0 and 24, conducted within a one-mile radius of any Licensed Cannabis Business.

3. Public Improvements and programs at the City park, City library, or City recreation center closest to a Licensed Cannabis Business.

(b) The monies in the CRTF described under Subsection (a) shall be apportioned between the various City Council Districts in proportion to the number of Licensed Cannabis Businesses within each City Council District.

(c) No later than April 1 of every year, beginning calendar year 2020, a Neighborhood Council may submit written recommendations, consistent with the purposes described in Subsection (a), to the City Council regarding the use of funds under this section for the following fiscal year.

(d) If any allocated funds in the CRTF described under Subsection (a) are not expended within five fiscal years of their apportionment, City Council may direct the use of those funds for any purpose specified in Subsection (a) within the Council District, without regard to the geographic limits imposed under Subsection (a).

**Sec. 5.590. CRTF Funds Apportioned for Cannabis-Related Programs.**

(a) Twenty-five percent of the Special Cannabis Gross Receipts Tax collected each fiscal year pursuant to Sections 21.51.1 and 21.52.1 of Article 1 of Chapter II of the LAMC and deposited into CRTF shall be used for any of the following purposes:

1. Public education and outreach related to licensing and regulation of commercial cannabis activity in the City.

2. Public education and outreach related to the Social Equity Program as specified in Section 104.20 of Article 4 of Chapter X of the LAMC.

3. Organizing or conducting expungement clinics for individuals eligible to have cannabis-related convictions dismissed and sealed pursuant to Section 11361.8 of Division 10, Chapter 6, Article 2 of the California Health and Safety Code.

4. Enforcement actions against unlicensed cannabis activity.

5. Other cannabis-related programs.

(b) The Special Cannabis Event Admission Tax collected each fiscal year pursuant to Article 1.19 of Chapter II of the LAMC and deposited into the CRTF shall be used for any of the purposes specified in subsection (a).

(c) The Special Cannabis Event Organizer and Management Company Tax collected each fiscal year pursuant to Section 21.51.2 of Article 1 of Chapter II of LAMC and deposited in the CRTF shall be used for any of the purposes specified in subsection (a).

(d) None of the special taxes described under subsections (a), (b) and (c) shall be used for any purpose related to the Department of Cannabis Regulation's processing of applications for commercial cannabis activity licenses, monitoring of licensee compliance with City law, or enforcement actions against licensees for violating City law.

#### **Sec. 5.591. CRTF Funds Apportioned for Youth Programs And Stem Education Programs.**

(a) Twenty-five percent of the Special Cannabis Gross Receipts Tax collected each fiscal year pursuant to Sections 21.51.1 and 21.52.1 of Article 1 of Chapter II of the LAMC and deposited into the CRTF shall be used for cannabis youth prevention and child strengthening programs, which includes youth or child development activities for those between the ages of 0 and 24. The administration of the programs, including guidelines and procedures, shall be established by ordinance.

(b) The Special Cannabis Testing Tax collected each fiscal year pursuant to Article 1.18 of Chapter II of the LAMC and deposited in the CRTF shall be used for STEM education programs. The administration of the programs, including guidelines and procedures, shall be established by ordinance.



Sec. 8. A new Section 104.22 is added to Article 4 of Chapter X of the Los Angeles Municipal Code to read as follows:

**SEC. 104.22. CANNABIS CORPORATE RESPONSIBILITY REPORTS.**

(a) No later than February 1 of every year, every Licensee shall submit to the Department of Cannabis Regulation (DCR) a written Cannabis Corporate Responsibility Report (Report) that describes the Licensee's community engagement, corporate philanthropy, relationship with the neighborhood surrounding the Licensee's Business Premises, and compliance with applicable City and state Cannabis laws and regulations within the previous calendar year. Every Licensee shall prepare its Report in a format consistent with guidelines established by DCR. If a Licensee fails to timely submit a Report to DCR, DCR may deny the Licensee's application for License renewal, revoke or suspend the Licensee's License, impose more restrictive License conditions, or assess administrative fines against the Licensee.

(b) If a Licensee holds Licenses for multiple Business Premises, the Licensee shall submit a separate Report for each Business Premises.

(c) DCR shall develop criteria to score each Report based upon License type. DCR shall post the criteria on its website no later than January 1, 2019, and it may amend the criteria provided that it posts the amendments on its website no later than January 1 of the year in which the amended criteria will be used to score Reports.

Sec. 9. Amendments. The City Council may, by ordinance, amend or repeal any section, subsection, subdivision, clause, sentence, phrase or portion of this measure without a vote of the people except as limited by Article XIII C of the California Constitution, which requires voter approval in order to impose, extend, or increase any general or special tax.

Sec. 10. Severability. If any section, subsection, subdivision, clause, sentence, phrase or portion of this measure is held unconstitutional or invalid by any court or tribunal of competent jurisdiction, the remaining sections, subsections, subdivisions, clauses, sentences, phrases or portions of this measure shall remain in full force and effect, and to this end the provisions of this measure are severable. In addition, the voters declare that they would have passed all sections, subsections, subdivisions, clauses, sentences, phrases or portions of this measure without the section, subsection, subdivision, clause, sentence, phrase or portion held unconstitutional or invalid.

Sec. B. The City Clerk is hereby authorized and directed to publish a notice containing the proposed ballot measure, specifying the date of November 6, 2018, as the date the measure is to be voted upon by the qualified voters of the City of Los Angeles. The notice shall be published once in a newspaper of general circulation in the City of Los Angeles, and in each edition thereof during that day of publication. The City Clerk is authorized and directed to prepare and keep in the City Clerk's office a sufficient supply of copies of the proposed ballot measure and to distribute the proposed ballot measure to any and all persons requesting a copy. Further, the City Clerk is authorized and directed to mail copies of the proposed ballot measure to each of the qualified voters of the City of Los Angeles.

Sec. C. The City Clerk is hereby authorized and directed to cause a notice to be published once in a newspaper of general circulation that copies of voter information pamphlets containing the proposed ballot measure may be obtained upon request in the City Clerk's office.

Sec. D. The City Clerk shall file a duly certified copy of this Resolution forthwith with the Board of Supervisors and with the Registrar-Recorder of the County of Los Angeles.

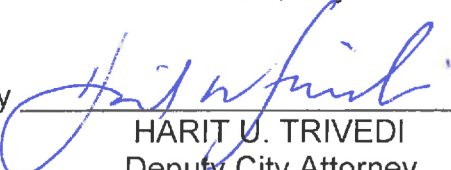
I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on \_\_\_\_\_.

HOLLY L. WOLCOTT, City Clerk

By \_\_\_\_\_ Deputy

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By  \_\_\_\_\_  
HARIT U. TRIVEDI  
Deputy City Attorney

Date June 25, 2018