

MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 18 - 0 2 0 2

JUN 1 5 2018

REPORT RE:

**DRAFT ORDINANCE AMENDING SECTIONS 21.51 AND 21.52 OF ARTICLE 1 OF
CHAPTER II OF THE LOS ANGELES MUNICIPAL CODE TO TEMPORARILY
REDUCE THE GROSS RECEIPTS TAX FOR CERTAIN MEDICAL AND
NONMEDICAL CANNABIS BUSINESSES**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

As requested by the City Council, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, which temporarily reduces the gross receipts tax for certain medical and nonmedical cannabis businesses authorized by the voters in 2017 through Proposition M. The temporary reduction would begin in 2020 and be phased out over a period of years, as the reduced gross receipts tax incrementally increases over the years and returns to its original rate authorized under Proposition M. This temporary gross receipts tax reduction becomes effective only in the event the voters approve the Cannabis Reinvestment Act (Proposition __) at the Special Election called and consolidated with the State's General election held on November 6, 2018.

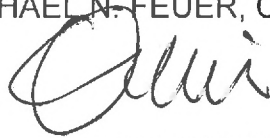
Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of Finance and Office of the City Administrative Officer, and their comments have been incorporated.

If you have any questions regarding this matter, please contact Deputy City Attorney Charles Hong at (213) 978-7782. He or another member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

A handwritten signature in black ink, appearing to read "D. Michaelson", written over the printed name of David Michaelson.

By DAVID MICHAELSON
Chief Assistant City Attorney

DM:CSH:cm
Transmittal