

BUDGET AND FINANCE COMMITTEE REPORT relative to tax compliance and management of tax revenue from cannabis business activity.

Recommendations for Council action, as initiated by Motion (Krekorian - Wesson):

1. DIRECT the Office of Finance to report to the Budget and Finance Committee by March 1, 2017 with a detailed plan of how the Office of Finance will ensure full tax compliance, and manage the intake, counting, depositing and overall management of the increases in tax revenue, relating to cannabis business activity.
2. INSTRUCT the Office of Finance to report to the Budget and Finance Committee by March 1, 2017 on whether or not the City should begin the process of obtaining track and trace software and other technical means to ensure tax compliance and to verify sales, product movement, sales volume and any other metric that will allow the City to fully realize all tax revenues due from cannabis business activity.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

(Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee waived consideration of the above matter)

SUMMARY

At a regular meeting held on January 9, 2017, the Budget and Finance Committee considered Motion (Krekorian - Wesson) relative to tax compliance and management of tax revenue from cannabis business activity.

After providing an opportunity for public comment, the Committee amended the Motion to request the Office of Finance to report by March 1, 2017 and approved the recommendations as amended. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| KREKORIAN: | YES |
| ENGLANDER: | YES |
| MARTINEZ: | YES |
| BLUMENFIELD: | YES |
| BONIN: | YES |

