

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) and the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), authorizes a person who obtains a state license to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances; and

WHEREAS, despite the legalization of adult-use cannabis in California, the U.S. Drug Enforcement Administration continues to classify cannabis as a Schedule I drug; and

WHEREAS, licensed cannabis businesses are not able to deposit their business income or receive financial services from federally-insured financial institutions due to fear that they may be prosecuted for violating Federal banking policies and regulations; and

WHEREAS, currently pending before the State Legislature, SB 51 (Hertzberg), also known as the Cannabis Limited Charter Banking and Credit Union Law, would provide for the licensure and regulation of cannabis limited charter banks and credit unions for the purpose of providing banking services to cannabis businesses; and

WHEREAS, SB 51 would authorize a licensed cannabis limited charter bank or credit union to issue and cash special purpose checks, and permit these checks to be used for the payment of 1) state and local fees and taxes, 2) rent on property leased by cannabis-related businesses, and 3) vendors; and

WHEREAS, according to SB 51, licensed cannabis limited charter bank or credit unions would be required to obtain and maintain insurance at an amount acceptable to the State Department of Business Oversight; and

WHEREAS, the lack of a legitimate banking system for legally licensed cannabis-related businesses will have the effect of turning cannabis business activity into a cash-only business, resulting in the potential underpayment or evasion of taxes that are due to the City or State;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SUPPORT for SB 51 (Hertzberg) which would provide for the licensure and regulation of cannabis limited charter banks and credit unions for the purpose of providing banking services to cannabis-related businesses.

PRESENTED BY:


HERB J. WESSON, JR.
Councilmember, 10th District

SECONDED BY:



MAR 26 2019

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