

# BUDGET & FINANCE

## MOTION

In 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act (AUMA). With the passage of Proposition 64, adults 21 years of age or older can legally grow, possess, and use cannabis for non-medical purposes. In addition, AUMA also made it legal to sell and distribute cannabis through a regulated business beginning on January 1, 2018.

With the passage of the AUMA and the passage of a follow-up bill by the California State Legislature in June 2017, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) was formed. MAUCRSA created a single regulatory system that governs the medical and adult-use cannabis industry in California.

In order to participate in Commercial Cannabis Activity within the City of Los Angeles (City), both a state and a local license is required. In Los Angeles, the City's Department of Cannabis Regulation (DCR) processes and issues commercial cannabis licenses under guidelines established by the City Council found in LAMC section 104. Section 104.19, establishes the fees and fines associated with application and license filing fees payable to the city.

The Mayor's Fiscal Year (FY) 2021-2022 Proposed Budget, estimates that over \$150 million will be generated by the Cannabis Business Tax that is composed by permit and license approvals by DCR and through new business growth. There are some states which have set aside a portion of their cannabis tax revenue for community reinvestment.

The state of Illinois' created the Restore, Reinvest, Renew Program, or R3 in April of 2019 which set aside 25% of cannabis tax revenue to fund grants for violence prevention, reentry, youth development, economic development and civil legal aid services in areas of need, defined by rates of gun injuries, child poverty, unemployment, and incarceration rates. A few months ago the state of New York, followed suit, and dedicated 40% of its cannabis tax revenue to minority communities that had disproportionate numbers of marijuana arrests.

In an effort to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of communities harmed by the decades of criminalization of cannabis, the City should explore establishing a similar policy as the states of Illinois and New York, and dedicate a portion of its cannabis tax revenue to be reinvested into these communities.

I THEREFORE MOVE that the City Council instruct DCR, with assistance from the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), to report on the feasibility of allocating a portion of the City's Cannabis Business Tax (CBT) to fund programs which serve communities that have been disproportionately harmed by the criminalization of cannabis, similar to the models that have been established by the states of New York and Illinois.

PRESENTED BY: \_\_\_\_\_



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SECONDED BY: \_\_\_\_\_



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