

COUNTY MEASURE C: CANNIBIS BUSINESS TAS MEASURE
Placed by Board of Supervisors

Shall the County enact a tax in the unincorporated areas of Los Angeles County on cannabis businesses at annual rates not to exceed \$10 per square foot for cultivation and a percentage of gross receipts for various cannabis businesses, including retail, testing laboratory, distribution, manufacturing and for all other cannabis businesses, generating approximately \$10.3 million to \$15.2 million annually, until ended by the voters.

This measure would authorize the County of Los Angeles ("County") to impose a general tax on cannabis business activities within the unincorporated area of the County. This Measure was placed on the ballot by a resolution approved by a four-fifths (4/5) vote of the members of the County Board of Supervisors ("Board"). If approved by the voters, the County Code will be amended to authorize a tax on cannabis businesses engaged in activities defined in the ordinance such as cultivating, selling, processing, distributing, or testing cannabis or cannabis products in the unincorporated areas of the County. Personal cannabis cultivation or use would be exempt from this tax.

Beginning July 1, 2023 until June 30, 2026, the Measure authorizes initial tax rates of:

- \$7 per square foot of canopy space for cultivation using exclusively artificial lighting;
- \$4 per square foot of canopy space for cultivation using combination lighting;
- \$4 per square foot of canopy space for cultivation using no artificial lighting;
- \$2 per square foot of canopy space for cultivation in any nursery;
- 4 percent of gross receipts for retail cannabis businesses;

- 3 percent of gross receipts for manufacturing and processing cannabis businesses;
- 3 percent of gross receipts for distribution cannabis businesses;
- 1 percent of gross receipts for testing laboratory cannabis businesses; and
- 4 percent of gross receipts for any other type of cannabis business.

Beginning July 1, 2026, until repealed by the voters, the Measure authorizes the Board to adjust the tax to a rate less than or equal to the specified maximum annual rates. (about 1/3 increase cap)

Beginning in July 2027, the maximum annual tax rate for cultivation will be adjusted for inflation. The ordinance also establishes processes for registration, collection, enforcement, and tax appeals.

Payment of the tax does not authorize illegal or unlawful cannabis business activities, nor does it entitle a person to engage in illegal or unlawful cannabis business activities in violation of any local or State law.

If approved, revenue derived from the tax will be deposited into the County's general fund and may be used for any County governmental purpose.

This measure requires a majority vote of the qualified voters in the County of Los Angeles who cast votes in the election.