

Title: Cannabis Enforcement, Taxation and Regulation Act (CETRA)	Item No.
Meeting Date: December 6, 2016	
Agendized By: Government Affairs and City Services Committee	
Contact Person: Mark Redick	Phone Number:
Committee Vote (if appropriate): 2-0-1,	
Does this item have a fiscal impact on the Neighborhood Council? Yes ___ No <u>X</u>	
Additional documents attached? Yes ___ No <u>X</u>	

RECOMMENDATION: Support for the Cannabis Enforcement, Taxation and Regulation Act (CETRA).

BACKGROUND: On November 5, 1996, California voters passed Proposition 215 (the Compassionate Care Act a/k/a CUA), becoming the first state to establish a medical marijuana program. This was followed by state legislative action creating the Medical Marijuana Program Act (MMPA) in 2003, providing limited immunities to patients and caregivers. In response to the opening of hundreds of illegally operating cannabis businesses, Los Angeles voters approved Proposition D, which provided a regulatory framework for the City to enforce regarding Medical Marijuana Dispensaries (MMDs) in the absence of state regulation. In 2015, the state enacted the Medical Cannabis Regulation and Safety Act (MCRSA). The MCRSA consisted of three separate bills, creating a state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis. Licenses under MCRSA are not expected to be available until 2018. On November 8, 2016, California voters approved Proposition 64, also known as the Adult Use of Marijuana Act (AUMA). Under AUMA, personal possession of an ounce or less of cannabis and/or up to eight grams of concentrated would be legal. Retail sales of non-medical cannabis may only take place pursuant to a state license, scheduled to become available in 2018.

DISCUSSION: CETRA, if enacted, would authorize criminal penalties, nuisance abatement, increased civil fines and disconnection of utility services (LADWP) for unauthorized cannabis activities. Additionally, the Act seeks taxation of cannabis as follows: 1) \$100 per each \$1,000 gross receipts from cannabis sales and \$50 per each \$1,000 gross receipts from medical cannabis sales, \$10 per each \$1,000 gross receipts from cannabis transportation, testing or research, and \$20 per each \$1,000 of gross receipts from cannabis manufacturing, cultivation or other commercialization.

FISCAL ANALYSIS:

There is no direct fiscal impact on the NCWP.

The City of Los Angeles is seeking to impose taxes on both medical and non-medical cannabis if CETRA is enacted. Taxes collected under this Act could have a meaningful impact on the Municipal budget.

ATTACHMENTS:

None

MOTION:

That the Neighborhood Council:
Support the Cannabis Enforcement, Taxation and Regulation Act