

Section 1: Title

This ordinance initiative may be known and referred to as the “Los Angeles Equity Fund: A Community Reinvestment Initiative,” or the “Initiative.”

Section 2: Findings and Purpose

The people of the City of Los Angeles hereby find as follows:

FINDINGS AND DECLARATIONS.

- (a) In 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) to “accomplish ... the growth and sale of cannabis in a way that drives out the illicit market for marijuana and discourages use by minors, and abuse by adults.” In its statement of purpose and intent, AUMA calls for regulating cannabis in a way that “reduce[s] barriers to entry into the legal, regulated market.”
- (b) Use of cannabis tax revenues to repair harms to communities is an essential component of any equitable cannabis legalization effort and was the foundational vision for the AUMA. The AUMA specifically included the intent to direct cannabis tax revenues to community reinvestment and to do so, created a Community Reinvestment Fund as part of the state cannabis tax revenue allocation, earmarking \$50 million annually “for communities disproportionately affected by past federal and state drug policies.”
- (c) Cannabis has become the nation’s fastest-growing industry. As of June 2021, 38 states have some form of legalized cannabis, with 19 states and Washington DC, allowing legal use for all adults. The \$18.3 billion dollar industry now supports 321,000 full-time American jobs, and cannabis entrepreneurship and employment have exploded over the past five years.
- (d) Legal sales in California reached \$4.4 billion in 2020, while experts estimate that illegal sales could be at least 2-5 times as much.
- (e) As legalization and the growing cannabis industry have expanded, it has become increasingly clear that opportunities in cannabis are not fairly accessible to all. For example, Black people make up 14% of the U.S. population, yet only 2% of America’s estimated 30,000 cannabis companies are Black owned.
- (f) Decades of cannabis prohibition left a devastating and inter-generational impact on communities across California and across the United States. Persons convicted of a cannabis offense and their families suffer the long-term consequences of prohibition, including finding it significantly more difficult to enter the newly created adult-use cannabis industry due, in part, to their criminal convictions, along with a lack of access to capital, business space, and technical and legal support.

- (g) Evolving regulations, uncertain federal regulatory framework, and restrictions on banking imposed by the federal government have created a need for capital, technical expertise, and real estate that make the new industry untenable for many impacted by prohibition, and amplified challenges for those without a sustained or ongoing track record in the industry.
- (h) In Los Angeles, aggressive predatory investors in the sector take advantage of Social Equity Applicants in attempts to usurp social equity ownership promised in the regulations. Without any other financing options, social equity applicants must rely upon private sector investors to get their businesses started.
- (i) The burdens of cannabis arrests, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on Black and Latinx people, even though people of all races used and sold cannabis at nearly identical rates. California Department of Justice data shows that from 2006 to 2015, inclusive, Black Californians were two times more likely to be arrested for cannabis misdemeanors and five times more likely to be arrested for cannabis felonies than white Californians. During the same period, Latinx Californians were 35% more likely to be arrested for cannabis crimes than white Californians.
- (j) Between 2000-2017, in the City of Los Angeles African Americans comprised 9.6% of the population but they represent approximately 40% of all cannabis-related arrests.
- (k) The U.S. Government Accountability Office (GAO) identified 641 collateral consequences that may limit employment, business licensing, education, and government benefits to those with a nonviolent drug conviction. 78% of these consequences can last a lifetime.
- (l) The AUMA established the rights of local governments to regulate and tax cannabis activity in their jurisdictions. Accordingly on March 7, 2017, the voters of the City of Los Angeles adopted Measure M, an ordinance to enact a comprehensive regulatory, enforcement, and taxation system for commercial cannabis-related activity.
- (m) Measure M established city business taxes on commercial cannabis as set forth in Sections 21.51 and 21.52 of Article 1 of Chapter II of the Los Angeles Municipal Code. The tax rate for adult-use retail cannabis is set at 10% of gross receipts and for medical-use retail cannabis is set at 5% of gross receipts.
- (n) The taxes authorized in Measure M are “general taxes”; all of the proceeds from general taxes are placed in the General Fund.
- (o) The City of LA currently directs ALL of the City’s cannabis business tax revenues (\$139 million a year in Fiscal Year 21-22) into the City’s General Fund.
- (p) The City’s tax rates for licensed cannabis businesses far exceed those the City imposes upon other businesses. These business taxes are added to the already-high 15% state

excise tax and 10% state sales tax and other cannabis taxes and fees. In Los Angeles, the cannabis business tax rate is 2,808 times higher than the rate for payday lenders.

- (q) This tax burden undermines the original intent and purpose of both Measure M and AUMA to promote cannabis business ownership and creation of intergenerational wealth for the City's residents most impacted by the war on drugs and marijuana prohibition.
- (r) The City's 10% tax rate for adult-use retail cannabis businesses is significantly higher than many local jurisdictions' comparable tax rates. For example, San Francisco imposes a 1% to 5% city tax on gross receipts from cannabis businesses. Notably, even given this much lower tax rate compared to Los Angeles, the San Francisco Board of Supervisors recognized the harm caused to the local cannabis industry by the significant tax burden and in December 2021 suspended all local cannabis taxes for 2021 and 2022.
- (s) The high rate of City cannabis business taxes contributes to the perpetuation of a thriving illicit market. The City's Department of Cannabis Regulation recently reported there are over 1000 unlicensed cannabis retail operations in the City, compared to just over 200 licensed retail operations.
- (t) The illicit market threatens the health and safety of medical patients and consumers. 75% of cannabis in California is consumed in the illicit market and is untested and unsafe. Illegal grows often use banned pesticides that poison our waterways and soil. Illicit products often include synthetic cannabinoids and other potentially deadly chemicals.
- (u) Owning and operating a licensed cannabis business in the City involves a complex license application process, and very often requires acquisition of other types of City permits including building permits, electrical, plumbing, or historic/cultural structure clearances. The City's licensing process costs approximately \$40,000 (by way of comparison, licensing for general applicants in the City of Oakland is \$3,000). In Los Angeles, start-up costs alone for cannabis related businesses can be \$250,000 or more.
- (v) The cost and complexity of the licensing process present a significant financial barrier to Social Equity Applicants who, by definition, have far fewer resources than general applicants.
- (w) Social equity licensing provides impacted individuals the rights and opportunities afforded to them as equal members of society. In cannabis, equity can refer to a share of resources, access to opportunity, or the removal of unfair barriers. State and municipal policymakers have the obligation and opportunity to build social equity into cannabis legalization laws and establish a foundation of fairness to redress unjust laws and race-based disparities.
- (x) The City's Cannabis Social Equity Program, housed within the Department of Cannabis Regulation, is intended to redress some of the past adverse effects of cannabis enforcement activities on both individuals and communities. However, the City's efforts for social equity cannabis licensing have largely failed from lack of program support and

lack of adequate financing for Social Equity Applicants and Owners.

- (y) Social Equity Applicants and Owners that were promised an opportunity have been forced to incur prohibitive expenses associated with the City's licensing regime, essentially excluding the very people the state and the City's cannabis Social Equity Programs were intended to promote and support.
- (z) As noted above, the AUMA created a state-level Community Reinvestment Fund, now called the California Community Reinvestment Grant. Other jurisdictions that have legalized adult-use cannabis are likewise moving toward allocating tax revenues to community reinvestment programs. For example, Connecticut's Social Equity and Innovation Fund will receive 75% of the state's cannabis tax revenue.
- (aa) The war on drugs devastated whole communities, removing huge percentages of young people and men from the poorest neighborhoods, collapsing local economies, and hollowing out urban centers. While social equity licensing is an effort to create individual economic opportunity and intergenerational wealth for directly impacted people, community repair can be accomplished through tax revenue allocation.
- (bb) Community reinvestment of cannabis tax revenue seeks to repair some of the harm caused by decades of racist enforcement, torture, separated families, and oppression enacted by local law enforcement under the banner of the U.S. war on drugs.
- (cc) During the four years since Measure M was enacted, stakeholders have repeatedly asked City officials to dedicate some of the City's cannabis business tax revenue to community reinvestment and repair for the war on drugs, but the City has failed to even calendar a motion to commission a study for community reinvestment.
- (dd) Creating and implementing a sufficiently funded community reinvestment program is critical to realizing the promise and potential of cannabis legalization to reduce the harms from decades of prohibition that have resulted in the mass incarceration of low-income people of color, and utterly failed to protect public health and safety.

Purpose and Intent

It is the intent of the People of Los Angeles to enact the Los Angeles Equity Fund: A Community Reinvestment Initiative to reduce the City retail cannabis tax rates and reallocate future City cannabis tax revenue from the City's General Fund into a designated Special Fund. The Los Angeles Equity Fund is hereby established to promote equitable ownership and employment within the commercial cannabis industry to ensure that persons most harmed by cannabis criminalization and poverty be offered true opportunity in the multibillion-dollar cannabis industry, and to support community repair through revenue reinvestment to redress harms and decrease disparities for communities disproportionately and detrimentally impacted by the war on drugs.

In furtherance of this purpose, the Los Angeles Equity Fund will hereby direct City cannabis tax revenue to the following eight priority areas and their corresponding City Departments and programs as detailed in Section 21.51.2:

1. DCR Social Equity Programming and Illicit Market Reduction
2. Financing for Social Equity Applicants and Owners
3. Workforce and Youth Development
4. Community Safety and Violence Reduction
5. Immigrant Programs and Services
6. Racial Equity and Reparations
7. Harm Reduction and Health Services
8. Climate Action and Environmental Education

Section 3: Section 21.51(b)(1) of the Los Angeles Municipal Code is amended to read as follows:

For purposes of this Section, the business tax to be imposed shall be as follows:

1. Every person with a license that is engaged in business of conducting the sale of Adult-Use cannabis and/or cannabis products shall pay a business tax of \$1,000 on all gross receipts or fractional part thereof up to \$300,000; a business tax of 2% on all gross receipts or fractional part thereof in excess of \$300,000 and up to \$3,500,000; and a business tax of 6% on all gross receipts or fractional part thereof in excess of \$3,500,000. The sale of medical cannabis shall be taxed as provided under Section 21.52 of this Article.

Section 4: A new Section 21.51.1 is added to Article 1 of Chapter II of the Los Angeles Municipal Code, to read as follows:

Section 21.51.1. DEFINITIONS.

For the purposes of this Section, the following words or phrases shall be defined as follows:

1. “Adult-Use” shall mean any cannabis or cannabis product that is used or intended to be used by adults who are twenty-one (21) years of age or older and who are not verified medical cannabis patients.
2. “Cannabis” shall mean cannabis as defined in Section 26001 of the California Business and Professions Code, included in the Medicinal and Adult Use Cannabis Regulation and Safety Act, as currently defined or as may be amended.
3. “City” means the City of Los Angeles.

4. “City Council” means the Council of the City of Los Angeles.
5. “Equity” and “equitable” shall mean efforts, regulations, policies, programs, standards, processes and any other functions of government or principles of law and governance intended to:
 - i. Identify and remedy past and present patterns of discrimination and disparities of race, ethnicity, gender and sexual orientation;
 - ii. Ensure that such patterns of discrimination and disparities, whether intentional or unintentional, are neither reinforced nor perpetuated; and
 - iii. Prevent the emergence and persistence of foreseeable future patterns of discrimination or disparities of race, ethnicity, gender, and sexual orientation.
 - iv. The terms social equity and equity are used interchangeably.
6. “Illicit market” shall mean any commercial cannabis activity from an Unlawful Establishment that does not have a City issued Temporary Approval or License, as defined in Section 104.01(a)(50) of Article 4, Chapter X of the Los Angeles Municipal Code.
7. “Social Equity Applicant” means the individual Person applying for a City License subject to Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code, the Social Equity Program.
8. “Social Equity Owner” means any individual person verified by the Department of Cannabis Regulation as qualifying as a Social Equity Applicant that is an Owner as defined in Section 26001 of the California Business and Professions Code, included in the Medicinal and Adult Use Cannabis Regulation and Safety Act, as currently defined or as may be amended.

Section 5: A new Section 21.51.2 is added to Article 1 of Chapter II of the Los Angeles Municipal Code, to read as follows:

Section 21.51.2. SPECIAL FUND.

(a) There is hereby created and established in the Treasury of the City of Los Angeles a special fund to be known as the “Los Angeles Equity Fund,” referred to in this Chapter as the “Fund.”

(b) The annual amount of revenue for the next fiscal year shall be estimated by the City Manager no later than April 20 of each year, beginning April 20, 2023. One hundred percent (100%) of the estimated amount of the City’s unrestricted cannabis business tax, as defined in Sections 21.51(b) and 21.52(b) of this Chapter, for the next fiscal year shall be deposited in the Fund no later than July 1 of each year. The Director of Finance shall publish the audited actual amount of cannabis business tax revenues for the prior fiscal year not later than April 20 of each subsequent year, beginning April 20, 2023. Differences between the amount of estimated revenues deposited in the Fund and the audited actual amount of revenues for a fiscal year shall

be reconciled by an adjustment in the amount deposited in the Fund for the following fiscal year.

(c) The Fund shall be administered by the Los Angeles Equity Fund Oversight Commission staff in conformity with the provisions of this Chapter and with the approval of the Mayor and the City Council.

(d) The Fund shall be used exclusively for the purposes listed in this Section. Funds not disbursed in a fiscal year shall remain in the Fund and shall be devoted to the purposes of the Fund. All interest and other earnings attributable to monies in the Fund or to any of the separate accounts within the Fund shall be credited to the Fund or to the account to which it is attributable and shall be devoted to the purposes of the Fund. Monies in the Fund shall not be used to supplant funding from existing sources currently allocated by the City and dedicated to the purposes described herein, or any funding provided by a state body or the federal government for such purposes, provided that such funding from existing sources is from established ongoing sources of funding, including grant and special funds, and subject to the continued availability of these funds. At least 75% of the revenues in the Fund each year must be used for grants to or contracts with third-party organizations for the purposes described in subsection (e), and City Departments must exercise best efforts to be inclusive of small organizations.

(e) The Fund shall be allocated to the following City Departments and programs and for the following purposes:

1. To the General Fund: 25% of Fund revenues in fiscal year 2023-2024, 15% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 10% of Fund revenues in all fiscal years thereafter;
2. To the Los Angeles Equity Fund and Oversight Commission for administrative costs, including holding meetings, conducting audits, and publishing reports: 5% of Fund revenues in each fiscal year; and for equitable outreach and communications efforts to ensure awareness of and access to programs supported through the Fund, in partnership with, but not limited to, ethnic and community media reaching communities most impacted by the war on drugs: 1% of Fund revenues in each fiscal year;
3. To the Department of Cannabis Regulation's Social Equity Program or equivalent City Department or program, to provide business assistance, technical assistance, outreach, and other supportive programming to Social Equity Applicants towards the goal of promoting equitable ownership and employment opportunities in the cannabis industry for those who have been disproportionately targeted and impacted by the war on drugs and cannabis prohibition: 0% of Fund revenues in fiscal year 2023-2024, 5% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 5% of Fund revenues in all fiscal years thereafter;
4. To the Department of Cannabis Regulation or equivalent City Department or program, to support the development and implementation of a progressive and comprehensive enforcement strategy for illicit market reduction, leveraging multi-

agency collaborations and a multi-step non-punitive process, with a commitment to equity and restorative justice principles: 7% of Fund revenues in fiscal year 2023-2024, 5% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 4% of Fund revenues in all fiscal years thereafter;

5. To the Economic and Workforce Development Department or equivalent City Department or program, to create a Cannabis Social Equity Financing Program that will provide grants, and low to no-interest loans for Social Equity Applicants and operators to provide capital to planning and operational costs of building and maintaining a business, and help reduce the negative consequences of the current predatory lending practices in the sector: 20% of Fund revenues in fiscal year 2023-2024, 19% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 15% of Fund revenues in all fiscal years thereafter;

6. To the Economic and Workforce Development Department or equivalent City Department or program, to provide funding to LA:RISE to build a pathway from unemployment, to transitional employment, to permanent work for youth and individuals who have been previously homeless or incarcerated, including union apprenticeship programs: 3% of Fund revenues in fiscal year 2023-2024, 4% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 5% of Fund revenues in all fiscal years thereafter;

7. To the Economic and Workforce Development Department or equivalent City Department or program, to provide funding for programs to support paid employment and job readiness for youth between the ages of 14 and 24, including but not limited to YouthSource Centers, L.A. Youth at Work, Hire LA's Youth, and youth union apprenticeship programs: 4% of Fund revenues in fiscal year 2023-2024, 5% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 6% of Fund revenues in all fiscal years thereafter;

8. To the Mayor's Office of Gang Reduction and Youth Development or equivalent City Department or program, to provide funding for community violence reduction programming, including but not limited to gang prevention and intervention, gun violence, and gender-based violence: 5% of Fund revenues in each fiscal year;

9. To the appropriate City Department or program, to support investments in non-carceral, non-punitive approaches to community safety that prevent violence and harm before they happen while giving all communities the resources that they need to thrive, including but not limited to unarmed crisis response, expanded mental health services and the many other safety-enriching, life-affirming programs described in the federal BREATHE Act (H.R. 585, 116th Cong. (2019)): 5% of Fund revenues in fiscal year 2023-2024, 6% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 6% of Fund revenues in all fiscal years thereafter;

10. To the Community Investment for Families Department or equivalent City Department or program, to provide funding to lift all Los Angeles families out of

poverty, prioritizing immigrants of all statuses, including providing legal services, domestic violence, and human trafficking support, through the Family Resource Centers and other programming: 4% of Fund revenues in fiscal year 2023-2024, 5% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 6% of Fund revenues in all fiscal years thereafter;

11. To the Los Angeles Justice Fund or equivalent City Department or program, to provide sustainable funding for a holistic, merit-blind program for legal representation in immigration court to ensure due process for all: 4% of Fund revenues in fiscal year 2023-2024, 5% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 6% of Fund revenues in all fiscal years thereafter;

12. To the Mayor's Office of Immigrant Affairs or equivalent City Department or program, to assist all immigrants, and identify available services for them and their families in landlord/tenant disputes and foreclosure prevention, medical and mental health care, wage disputes and small business support, food security and nutrition, immigration legal representation, public charge concerns, consumer fraud and disputes: 2% of Fund revenues in each fiscal year;

13. To the Civil, Human Rights, and Equity Department's Reparations Advisory Commission or equivalent City Department or program, to provide core funding support to the pilot slavery reparations program for Black Angelenos, or any future City program seeking to provide direct reparations: 2% of Fund revenues in fiscal year 2023-2024, 3% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 5% of Fund revenues in all fiscal years thereafter;

14. To the Civil, Human Rights, and Equity Department or equivalent City Department or program, to support the Upward Mobility program to engage young people and community-based organizations to develop college readiness and career readiness, financial literacy workshops, homeowner seminars, and entrepreneurial training sessions: 3% of Fund revenues in each fiscal year;

15. To the Civil, Human Rights, and Equity Department's Office of Racial Equity or equivalent City Department or program, to support the L.A. REPAIR (Reforms for Equity and Public Acknowledgment of Institutional Racism) Innovation Fund to empower the most vulnerable communities with the resources and autonomy they need to address the challenges of today and make their neighborhoods stronger and more resilient for generations to come, using participatory budgeting, racial healing, and justice and reconciliation strategies: 3% of Fund revenues in fiscal year 2023-2024, 4% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 5% of Fund revenues in all fiscal years thereafter;

16. To the Los Angeles Native American Indian Commission or equivalent City Department or program, to provide funding to strengthen the overall wellness of the American Indian/Alaska Native children, families, and community: 1% of Fund

revenues in fiscal year 2023-2024, 1% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 2% of Fund revenues in all fiscal years thereafter;

17. To the Department on Disability’s AIDS Coordinator’s Office or equivalent City Department or program, to support HIV prevention, Harm Reduction programs inclusive of syringe exchange, overdose prevention and safe injection sites, and services for the transgender and gender non-conforming community: 2% of Fund revenues in fiscal year 2023-2024, 3% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 4% of Fund revenues in all fiscal years thereafter;

18. To the Department of Public Works’ Climate Emergency Mobilization Office or equivalent City Department or program, to provide education on the environmental impacts of the cannabis industry, including but not limited to the water and waste use of indoor and outdoor cultivation, packaging, use of plastics in products, eco disposal options, regenerative farming, and other best practices for preservation of water and soil resources: 2% of Fund revenues in each fiscal year; and

19. To the Department of Public Works’ Climate Emergency Mobilization Office or equivalent City Department or program, to provide funding to promote environmental justice and climate change awareness and resilience in frontline communities, in alignment with the Los Angeles Green New Deal: 2% of Fund revenues in fiscal year 2023-2024, 2% of Fund revenues in fiscal years 2024-2025 and 2025-2026, and 3% of Fund revenues in all fiscal years thereafter.

Section 6: A new Section 21.51.3 is added to Article 1 of Chapter II of the Los Angeles Municipal Code, to read as follows:

Section 21.51.3. OVERSIGHT COMMISSION.

(a) **Creation of Commission.** There is hereby created a Commission to be known as the “Los Angeles Equity Fund Oversight Commission” that shall serve as an advisory board to the Mayor and Council regarding expenditures from the Fund.

(b) **Purpose, Powers and Duties.** The Commission shall provide guidance, recommendations, and oversight to the Mayor and Council on matters related to the Fund; convene representatives of cannabis business operators, workers, patients, impacted community members, and other key stakeholders to provide input on uses of the Fund; conduct public meetings and hearings to obtain information and comment from the public on issues related to the purposes of the Fund; provide equitable outreach and communication efforts to ensure awareness of and access to programs supported through the Fund, and oversee the administration of the Fund. The Commission shall also audit the expenditures made from the Fund on an annual basis, and issue a public report analyzing the effectiveness of the Fund.

(c) **Membership.** The Commission shall consist of twenty-one (21) members appointed by the Mayor and confirmed by the Council, including the following individuals:

1. Director of the Department of Cannabis Regulation or their designee;
2. Director of the Civil, Human Rights, and Equity Department or their designee;
3. Director of the Economic and Workforce Development Department or their designee;

And at least one individual who meets each of the following criteria:

4. Person with demonstrated expertise in California cannabis laws and regulations;
5. Person with significant experience in cannabis social justice and social equity advocacy;
6. Person with significant experience in the reentry sector;
7. Person with significant experience in the community violence reduction sector;
8. Person with significant experience in youth development or youth advocacy;
9. Person with significant experience in LGBTQIA+ advocacy;
10. Person with significant experience in the immigrant rights and services sector;
11. Person with significant experience in environmental justice, climate change advocacy, and environmental education;
12. Person with demonstrated expertise in workforce development for dislocated workers;
13. Organized labor representative with cannabis labor force;
14. Storefront retail owner;
15. Verified Social Equity Applicant;
16. Social Equity Owner (of any license type);
17. Cannabis worker;
18. A formerly incarcerated person who is not a Social Equity Applicant or operator;
19. Representative of a City of Los Angeles-based philanthropic foundation;

- 20. Medical cannabis consumer for at least 10 years with history of advocacy; and
- 21. Member of a tribal government.

The provisions of Los Angeles City Charter Section 502 shall govern the appointment and removal of Commission members. Selection shall be in accordance with Charter Section 501(d).

(d) **Terms.** Commission members shall serve two-year, staggered terms, beginning on the first day of March of each respective year, and shall be limited to a total of no more than four terms. Upon passage of this Initiative, half of the initial appointments to this Commission shall be for terms ending March 1, 2025, and half for terms ending March 1, 2026.

(e) **Diversity Consideration.** The Mayor, when submitting appointments to the Council for approval, shall state the specific area of expertise and the related qualifications and experience of the nominee. The Council shall review these qualifications as part of the confirmation process. The Mayor and Council shall also ensure that the membership of the Commission represents the City's diversity of race, ethnicity, culture, religion, national origin, gender, age, sexual orientation, and neighborhoods, in addition to other diverse communities of interest such as business and not-for-profit organizations.

(f) **Compensation.** Members of the Commission shall receive \$1000 per meeting attended. This amount shall be adjusted every ten years from the creation of the Commission to reflect any increase or decrease in the Consumer Price Index, with such adjustments to be rounded to the nearest one hundred dollars (\$100).

(g) **Officers.** The Commission shall, at the beginning of each fiscal year, elect from its members a President, Vice-President and any other officers as necessary to properly administer the Fund. The elected officers shall hold office for one year or until their successors are elected, unless their membership on the Commission expires sooner. The Commission may fill the unexpired terms of a vacancy occurring in office of the President or Vice-President.

(h) **Committees.** The Commission may develop committees as it deems appropriate and necessary to carry out its work. A member of the Commission shall chair each committee. Committee chairs and members shall be selected in accordance with rules and regulations established by the Commission.

(i) **Rules and Regulations.** At its first meeting or as soon thereafter as possible, the Commission shall adopt rules and regulations for the conduct of its business.

(j) **Meetings.** The Commission shall designate the time and place for regular meetings, provided that meetings are held at least monthly for the first year of the Commission's existence, and at least every two months thereafter.

(k) **Cooperation and Coordination with Other Agencies.** All Boards, Offices, Departments, Agencies, and Bureaus of the City shall cooperate with the Commission to the fullest extent practicable.

Section 7: Section 21.52(b)(1) of the Los Angeles Municipal Code is amended to read as follows:

For purposes of this Section, the business tax to be imposed shall be as follows:

1. All gross receipts from the sale of medical cannabis shall not be subject to any business tax.

Section 8: Liberal Construction

The provisions of this Initiative shall be liberally construed to effectuate the purposes and intent described above; provided, however, that no provision or provisions of this Initiative shall be interpreted or construed in a manner to create a positive conflict with federal law, including the federal Controlled Substances Act, such that the provision or provisions of this Initiative and federal law cannot consistently stand together.

Section 9: Severability

If any section, subsection, subdivision, clause, sentence, phrase, or portion of this Initiative is held unconstitutional or invalid or unenforceable by any court or tribunal of competent jurisdiction, the remaining sections, subsections, subdivisions, clauses, sentences, phrases, or portions of this Initiative shall remain in full force and effect, and to this end the provisions of this Initiative are severable. In addition, the voters declare that they would have passed all sections, subsections, subdivisions, clauses, sentences, phrases, or portions of this Initiative without the section, subsection, subdivision, clause, sentence, phrase, or portion held unconstitutional or invalid.

Section 10: Conflicting Initiatives

In the event that this Initiative and any other initiative relating in any way to the regulation of cannabis in the City of Los Angeles are submitted to the voters of the City of Los Angeles on the same ballot, all of the provisions of the other initiative shall be deemed to be in complete and total conflict with this Initiative. In the event that this Initiative receives a greater number of affirmative votes than the other Initiative, the provisions of this Initiative shall prevail in their entirety over all of the provisions of the other initiative, and the other initiative shall be null and void.

Section 11: Effective Date

If the voters pass this Initiative, it shall become a valid enactment of the City, binding on the City Council and all other City officials, as of January 1, 2023, or the earliest date allowed by law.