

Date: June 27, 2022

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Cannabis Cultivation and Retail Tax Feasibility Studies Update**

On [March 15, 2022](#), the City Council directed City staff to investigate the feasibility of repealing the tax for cannabis cultivation (medical and adult-use) in Long Beach, including fiscal and workforce impacts, and present to the Budget Oversight Committee within 90 days.

On [May 10, 2022](#), the City Council directed City staff to prepare a report exploring the feasibility of reducing the City's adult-use cannabis retail tax rate to align with the medicinal cannabis retail tax rate within 90 days and submit the findings to the Budget Oversight Committee and then the Economic Development and Finance Committee for discussion.

Due to reduced City staffing capacity and interrelationship of these requests, the cultivation and adult-use retail tax reduction feasibility studies will be merged into one comprehensive memorandum and presented to the Budget Oversight Committee and Economic Development and Finance Committee for review and discussion in August 2022. This forthcoming memorandum will include the following:

- Overview of cannabis business supply chain
- Historical information/background on the City's cannabis structure
- Summary of Measure MA revenues and licensing data
- Fiscal impacts for repealing the cultivation tax and reducing the adult-use retail tax
- Tax reform policies in other jurisdictions
- Tax reform policies for the cultivation tax and excise tax at the state level

An equity lens will be applied to these feasibility studies as more Equity Businesses become licensed and operating. The City currently has two licensed Equity Businesses (one distributor and one cultivator), with 11 Equity Businesses undergoing the licensing process and eight Equity Dispensary licenses expected to be awarded in November 2022.

Cannabis Cultivation and Retail Tax Reduction Feasibility Studies Update

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Next Steps

If you have any questions, please contact Katy Nomura, Deputy City Manager, at (562) 570-5028 or Katy.Nomura@longbeach.gov .

CC: CHARLES PARKIN, CITY ATTORNEY
DOUGLAS P. HAUBERT, CITY PROSECUTOR
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KATY NOMURA, DEPUTY CITY MANAGER
APRIL WALKER, ADMINISTRATIVE DEPUTY CITY MANAGER
KEVIN LEE, CHIEF PUBLIC AFFAIRS OFFICER
MONIQUE DE LA GARZA, CITY CLERK (FILE REF [#22-0282](#) AND [#22-0509](#))
DEPARTMENT HEADS