



Legislation Details (With Staff Report)

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Title: CANNABIS UPDATE

Indexes:

Code sections:

Attachments: 1. Att A - Cannabis Health Impact Assessment

Table with 5 columns: Date, Ver., Action By, Action, Result. Rows show actions taken by City Council on 1/25/2022, with results of 'Fail' and 'Pass'.

AGENDA ITEM

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: HANNAH SHIN-HEYDORN CITY MANAGER

SUBJECT: CANNABIS UPDATE

Summary:

State law allows delivery of cannabis, but the City currently does not allow any other cannabis businesses. Since 2017, the City Council has considered allowing commercial cannabis businesses.

Recommendations:

- The following alternative recommendations are provided for the City Council's consideration:
1. Provide direction to staff on the components to be included in a ballot measure for the November 2022 election regarding cannabis operations and cannabis taxing structure; or
2. Provide direction to staff to present at the Parks and Recreation Commission and the Planning Commission, as well as host a series of community workshops, highlighting the proposed buffer map and desired components to be included in a ballot measure for the November 2022 election regarding cannabis operations and cannabis taxing structure; or
3. Provide direction to staff to return with additional information prior to commencing with preparation of a potential ballot measure for the November 2022 election regarding cannabis

- operations and cannabis taxing structure; or
4. Provide direction to staff to cease preparation of a potential ballot measure for the November 2022 election regarding cannabis operations and cannabis taxing structure; or
  5. Provide staff with other direction.

#### Fiscal Impact:

To date, the following amounts have been expended on professional services for cannabis-related activities:

- Professional Services Agreement with True North Research, Inc. in the amount of \$27,350 for a community survey.
- Professional Services Agreement with Harris & Associates in the amount of \$50,000 for a fiscal and economic analysis.

#### Strategic Plan Objective:

N/A

#### Background:

##### Legislative Background

In November 1996, California voters approved Proposition 215, known as the Compassionate Use Act, which decriminalized the use of medicinal cannabis in California for qualified patients with a physician's recommendation. Signal Hill voters voted 1461 in favor and 780 against.

In 2003, the Legislature authorized the formation of medical marijuana cooperatives, which are nonprofit organizations of medical marijuana users that cultivate and distribute marijuana to their members through outlets known as dispensaries. State law also gave cities and counties the discretion to regulate the location and operation of such facilities.

On November 9, 2015, Governor Brown signed the Medical Marijuana Regulation and Safety Act. The law consisted of three bills collectively referred to as the "MMRSA". The law allowed local agencies to maintain local control over land use decisions and does not require local agencies to allow dispensaries, cultivation operations, or delivery services. Additionally, under provisions of the MMRSA, deliveries of medical marijuana are allowed by State-licensed medical marijuana dispensaries in all jurisdictions, except in jurisdictions that explicitly prohibit such deliveries.

On November 8, 2016, California voters approved Proposition 64 (Prop. 64), which authorized commercial cannabis activities, including the cultivation, manufacturing, retail sale, transportation, storage, delivery, and testing of cannabis. Prop. 64 provides state and local licensing for cannabis business activity. Signal Hill voters voted 2733 in favor and 1538 against.

In June 2017, the California Legislature addressed discrepancies between the Medical Cannabis Regulation and Safety Act (MCRSA) and Prop. 64 through Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which harmonized elements of the MCRSA and Prop. 64 to establish a streamlined singular regulatory and licensing structure for both medical and non-medical cannabis activities. MAUCRSA refers to medical cannabis as "medicinal cannabis" and non-medical/recreational cannabis as "adult-use cannabis." MAUCRSA allows cities to regulate

or ban any or all medicinal and/or adult-use commercial cannabis activities.

In January 2018, U.S. Attorney General Jeff Sessions issued a memo to all U.S. Attorneys that generally sets forth a new federal cannabis enforcement guidance policy, which states:

*[T]oday's memo on federal marijuana enforcement simply directs all U.S. Attorneys to use previously established prosecutorial principles that provide them all the necessary tools to disrupt criminal organizations, tackle the growing drug crisis, and thwart violent crime across our country.*

The full effect of the memo with respect to the federal implementation for enforcement of cannabis, including the cannabis enforcement approach of California's legalization of cannabis is unknown. Also, it is uncertain on the full extent of the U.S. Administration's and the Attorney General's current intent regarding any possible escalated enforcement upon cannabis business activities, including increased federal arrests, prosecutions, and asset forfeitures. Nevertheless, cannabis use, possession, and distribution are still illegal under the federal Controlled Substances Act (United State Code, Title 21, Chapter 13, Section 801 et seq.). Currently, there are no federal law exceptions or special treatments for either medical or nonmedical cannabis despite California's legislation.

Also in 2018, the California Bureau of Cannabis Control issued a regulation to clarify the scope of allowable delivery, which authorized retail licensees to deliver into "any jurisdiction in the state," subject to specific requirements.

*§ 5416. Delivery to a Physical Address (a) A retailer may only deliver cannabis goods to a physical address in California. (b) A retailer delivery employee shall not leave the State of California while possessing cannabis goods. (c) A retailer shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition applies to land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law. Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.*

### Historical City Actions

The City's historical actions have prohibited the distribution, cultivation, and delivery of commercial and medical marijuana. In addition, prior to October 2017, there have been three attempts by outside groups to overturn the City's medical marijuana prohibition by changing the Signal Hill Municipal Code and one attempt to establish a tax on medical marijuana. All four attempts were unsuccessful.

- April 19 and May 3, 2011
  - City Council Meetings
  - Agenda Report: Zoning Ordinance Amendment - Prohibition of Medical Marijuana Dispensaries
  - City Council considered an amendment to the zoning ordinance.
  - Council Action: Approved first reading. (Motion passed 5-0.) Approved second reading. (Motion passed 4-0. Council Member Hansen absent.)
  
- January 12 and 26, 2016

- City Council Meetings
- Agenda Report: Public Hearing - Regulations to Prohibit Cultivation and Delivery of Medical Marijuana
- City Council considered two amendments.
- Council Action: Approved first readings. (Both motions passed 5-0.) Approved second readings. (Both motions passed 5-0.)
  
- January 28, 2016
  - Initiative Petition Filed
  - Title: An Initiative Measure to Allow Medical Marijuana Dispensaries and Cultivation Facilities in the City of Signal Hill
  - Status: Did not qualify; did not meet minimum signature requirement
  
- January 28, 2016
  - Initiative Petition Filed
  - Title: An Initiative Measure to Tax Medical Marijuana Facilities in the City of Signal Hill
  - Status: Qualified for the March 7, 2017 General Municipal Election; failed by votes 605 (No)/534 (Yes)
  
- June 10, 2016
  - Initiative Petition Filed
  - Title: An Initiative Measure to Allow Medical Marijuana Dispensaries, Cultivation Facilities, Medical Marijuana Vending Vehicles, and Other Medical Marijuana Businesses in the City of Signal Hill
  - Status: Did not qualify; did not meet minimum signature requirement
  
- July 31, 2017
  - Initiative Petition Filed
  - Title: An Initiative Measure to Allow Medical Marijuana Dispensaries, Cultivation, Manufacturing, Laboratory Facilities, and Deliveries in the City of Signal Hill, Including a Medical Marijuana Dispensary Exclusively for Household Pets
  - Status: Did not qualify; did not meet minimum signature requirement
  
- August 8, 2017
  - City Council Meeting
  - Agenda Report: Medical Marijuana Initiative Petition
  - Staff presented an overview of a voter-initiated petition entitled “An Initiative Measure to Allow Medical Marijuana Dispensaries, Cultivation, Manufacturing, Laboratory Facilities, and Deliveries in the City of Signal Hill, Including a Medical Marijuana Dispensary Exclusively for Household Pets”.
  - Council Action: Received and filed the report. (Motion passed 5-0.)

### Current City Status and Timeline

The City currently bans all cannabis-related businesses, except for delivery. There are currently ten delivery businesses listed on weedmaps.com as serving the City of Signal Hill. Beginning in October 2017, the City Council took certain actions to learn more about the cannabis industry. These actions

are outlined in the timeline below.

- October 10, 2017
  - City Council Meeting
  - Agenda Report: Proposition 64 Subcommittee
  - Staff presented information on the formation of a Proposition 64 Subcommittee to work with cannabis industry experts to learn more about the emerging industry and assist the City in determining whether to develop a regulatory framework.
  - Council Action: Appointed Council Members Woods and Wilson to the Subcommittee. (Motion passed 4-0. Council Member Hansen absent.)
  
- November 14 and November 28, 2017
  - City Council Meetings
  - Agenda Report: Public Hearing - Zoning Ordinance Amendment 17-01 and Ordinance Amendment 17-02, Prohibiting All Commercial Marijuana Activities in the City, Prohibiting Outdoor Cultivation of Marijuana for Personal Use, and Establishing Reasonable Regulations for the Indoor Cultivation of Marijuana for Personal Use
  - City Council considered an amendment to the zoning ordinance and an amendment to the Municipal Code.
  - Council Action: Approved first reading. (Motion passed 5-0.) Approved second reading. (Motion passed 5-0.)
  
- May 22, 2019 and June 18, 2019
  - Community Meetings
  - Presentation: Presented to over 60 attendees, including the City Clerk, various Commissioners, community members, members of the cannabis industry, a doctor, a pharmacologist, and individuals with a public safety background.

Common themes in the comments made by those in attendance were as follows:

- Supported the City's "Wait and Learn" approach;
- Sympathized with patients that can benefit from medicinal cannabis;
- Clarified that Signal Hill residents can purchase cannabis in Long Beach and legally consume it in Signal Hill;
- Concerned about crime that cannabis-related businesses could attract;
- Concerned that cannabis is a cash-only business; and
- Concerned that Signal Hill may not generate enough tax revenue to offset the cost of program administration and enforcement.

- August 13, 2019
  - City Council Meeting
  - Agenda Report: Staff delivered a similar presentation as those made during Cannabis community meetings.
  - Council Action: Directed staff to engage professional services through a Request for Proposals (RFP) to conduct a community survey to gauge the community's attitudes toward cannabis regulation in Signal Hill. (Motion passed 5-0.)
  
- October 22, 2019

- City Council Meeting
- Agenda Report: Contract Services Agreement with True North Research, Inc. for Professional Services to Conduct a Community Survey
- Staff presented the results of a Request for Proposal.
- Council Action: Directed staff to enter into a Professional Services Agreement with True North Research, Inc. in the amount of \$27,350. (Motion passed 5-0.)
  
- March 10, 2020
  - City Council Meeting
  - Agenda Report: Community Survey Results - Cannabis
  - Staff presented the results of two community surveys - one for residents and one for businesses - assessing the community's attitudes toward cannabis regulations in Signal Hill.
  - Council Action: Directed staff to research potential costs associated with conducting a fiscal and economic analysis for potential cannabis businesses. (Motion passed 5-0.)
  
- April 28, 2020
  - City Council Meeting
  - Agenda Report: Fiscal and Economic Analysis for Potential Cannabis Businesses
  - Staff presented responses to requests for information regarding potential costs associated with conducting a fiscal and economic analysis for potential cannabis businesses.
  - Council Action: Received and filed report. (Motion passed 5-0.)
  
- May 28, 2020
  - Fiscal Year 2020-22 Budget Workshop
  - Decision Package: Conduct a fiscal analysis of cannabis businesses.
  - Council Action: Directed staff to include decision package in adopted Operating Budget. (Motion passed 4-1. Council Member Hansen dissented.)
  
- July 21, 2020
  - City Council Meeting
  - Agenda Report: Request for Proposals - Cannabis Businesses Fiscal Analysis
  - Staff presented a proposed RFP to conduct a fiscal analysis of cannabis businesses.
  - Council Action: Directed staff to issue the RFP. (Motion passed 4-1. Council Member Hansen dissented.)
  
- January 12, 2021
  - City Council Meeting
  - Agenda Report: Cannabis Businesses Fiscal and Economic Analysis
  - Staff presented the results of an RFP issuance.
  - Council Action: Directed staff to enter into a Professional Services Agreement with Harris & Associates in the amount of \$50,000. (Motion passed 4-1. Council Member Hansen dissented.)
  
- July 27, 2021
  - City Council Meeting

- Agenda Report: Fiscal and Economic Analysis of Cannabis Businesses
- Harris & Associates provided a fiscal and economic analysis of cannabis businesses.
- Council Action: Directed staff to work towards placement of a measure on the November 2022 General Municipal Election ballot with adjustments to the ballot measure based on the status of Housing Element submission to HCD. (Motion passed 3-2. Council Members Hansen and Woods dissented.)

Analysis:

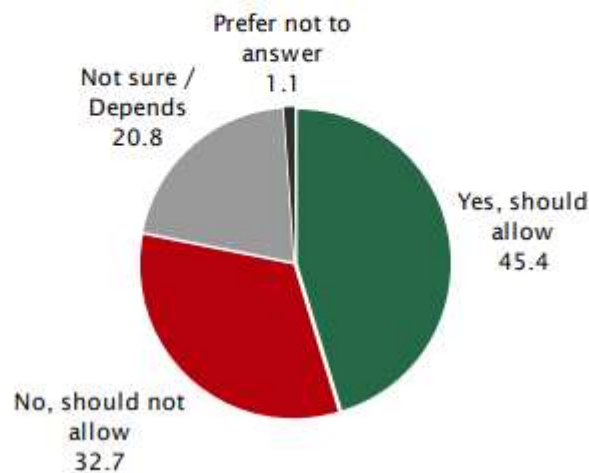
The following additional information is provided in response to the Council’s discussion at the July 27, 2021 City Council meeting.

Community Survey Results

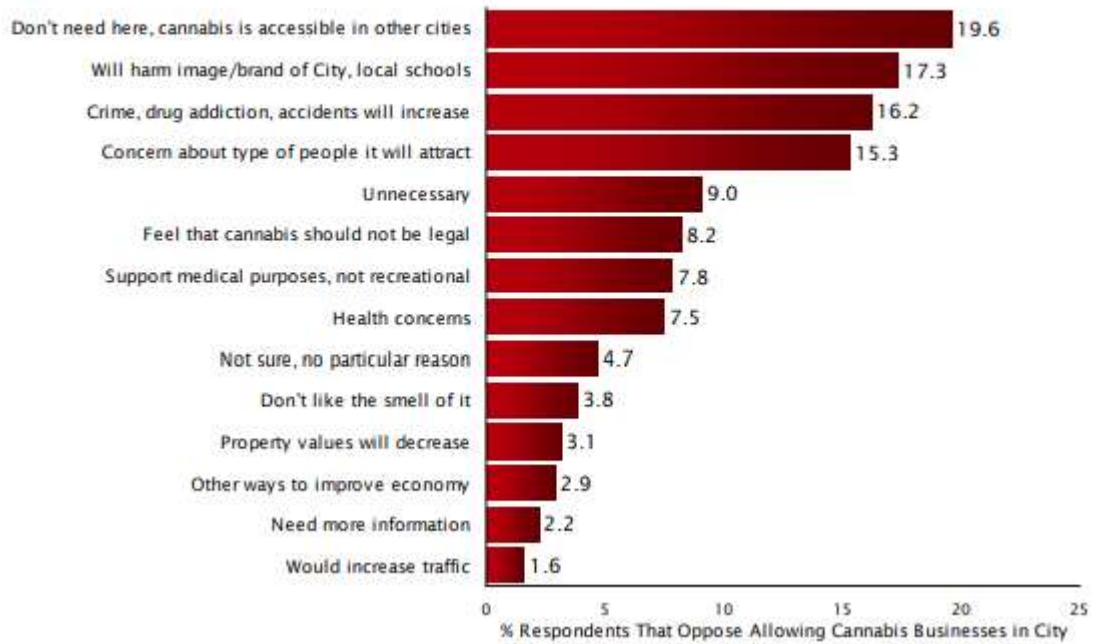
At its meeting of March 10, 2020, the City Council received a presentation on the results of a community survey assessing the community’s attitudes toward cannabis regulation in Signal Hill.

- Survey Methodology
  - Conducted January 8 - 14, 2020
  - Random sample: 316 registered voters likely to participate in the November 2020 election
  - Data collection via phone and online, surveys available in English, Khmer, and Spanish
  - Based on sample size and total Signal Hill voter population, margin of error is +/- 5.4%

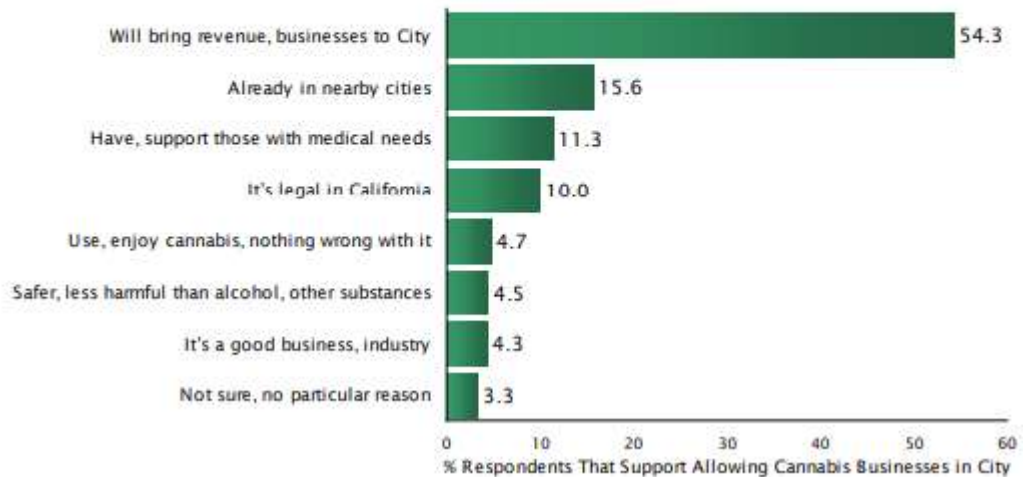
## SHOULD CANNABIS BUSINESSES BE ALLOWED? INITIAL OPINION



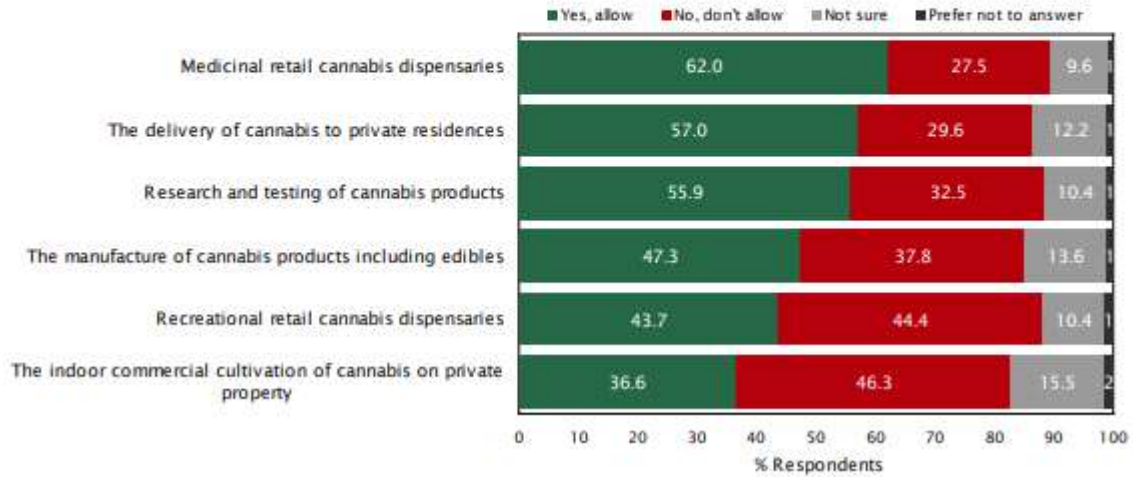
## WHY OPPOSE CANNABIS BUSINESSES?



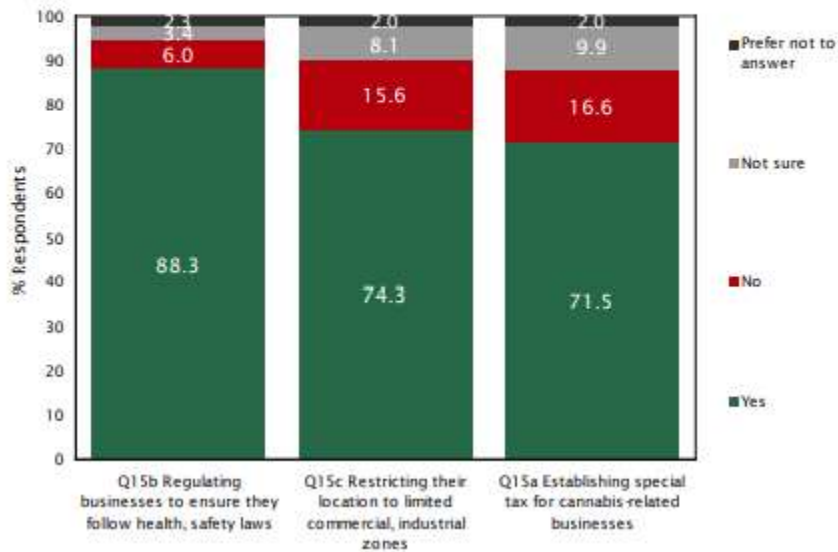
## WHY SUPPORT CANNABIS BUSINESSES?



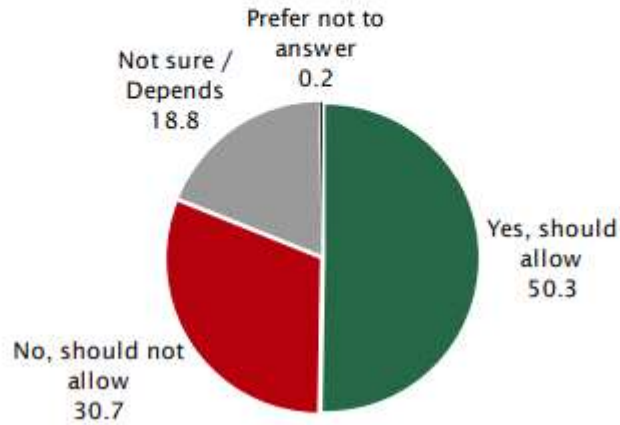
## SUPPORT FOR CANNABIS BUSINESSES BY TYPE



## CANNABIS BUSINESS REGULATIONS



## SHOULD CANNABIS BUSINESSES BE ALLOWED? INFORMED OPINION



The business community (193 registered businesses) was provided with an opportunity to respond to an emailed survey link prepared by City staff utilizing the same survey items posed to residents; the City only received 12 responses. This response rate did not reflect a statistically reliable survey population.

### Additional Fiscal Analysis

With the City Council's interest and focus on economic development and revenue-generating businesses, the Fiscal and Economic Impact Analysis provided at the July 27, 2021 City Council meeting focused on retail businesses. The analysis considered other types of cannabis businesses (including manufacturing, cultivation, and distribution) and concluded that due to the significant tax rate reductions in recent years in surrounding cities for other businesses, retail was the most viable revenue-generating option.

Harris & Associates provided the following data tables in response to Council discussion. Table 1 documents the existing tax rate and number of licenses for each business category. Table 2 documents the gross receipts and tax revenue, averaged per business license, for each business category.

Table 1. Existing Tax Rate and Number of Licenses

**Tax Rate and Number of Licenses (All Business Types)**

	Santa Ana		Long Beach	
	Tax Rate	# of Licenses <sup>1</sup>	Tax Rate	# of Licenses <sup>2</sup>
<i>Retail</i>	8%	23	8%	25
<i>Cultivation</i>	6%	4	\$12/sf	12
<i>Distribution</i>	6%	10	1%	17
<i>Manufacturing</i>	6%	6	1%	25
<i>Testing</i>	1%	2	1%	1

<sup>1,2</sup> Number of licenses per May 2021 data provided by the cities of Santa Ana and Long Beach.  
Sources: City of Long Beach and City of Santa Ana

**Table 2. Gross Receipts and Tax Revenue**

**Gross Receipts & Tax Revenue Per One (1) Business License (All Business Types)**

		Low	High	Midpoint	Sources	
					Low	High
Tax Revenue Per (1) Retail Outlet	<i>Retail</i>	\$240,646	\$734,783	\$487,714	City of Long Beach FY 2020-21 Adopted Budget.	City of Santa Ana FY 2020-21 Adopted Budget.
	<i>Distribution</i>	\$5,379	\$80,000	\$42,690	City of Santa Ana FY 2020-21 Adopted Budget.	City of Long Beach FY 2020-21 Adopted Budget.
	<i>Cultivation</i>	\$50,000	\$124,385	\$87,193	City of Long Beach FY 2020-21 Adopted Budget.	City of Santa Ana FY 2020-21 Adopted Budget.
	<i>Manufacturing</i>	\$3,040	\$16,667	\$9,853	City of Santa Ana FY 2020-21 Adopted Budget.	City of Long Beach FY 2020-21 Adopted Budget.
	<i>Testing</i>	\$50,000	\$107,594	\$78,797	City of Santa Ana FY 2020-21 Adopted Budget.	City of Long Beach FY 2020-21 Adopted Budget.
Gross Receipts Per (1) Retail Outlet <sup>2</sup>	<i>Retail</i>	\$3,008,072	\$9,184,783	\$6,096,427	City of Long Beach FY 2020-21 Adopted Budget.	City of Santa Ana FY 2020-21 Adopted Budget.
	<i>Distribution</i>	\$537,929	\$1,333,333	\$935,631	City of Long Beach FY 2020-21 Adopted Budget.	
	<i>Cultivation</i>	N/A	\$833,333	\$833,333	City of Long Beach FY 2020-21 Adopted Budget. The City of Long Beach collects a per-square-foot tax for cultivation. Without square footage information, the average gross receipts per retail outlet cannot be calculated.	
	<i>Manufacturing</i>	\$277,778	\$304,000	\$290,889	City of Santa Ana FY 2020-21 Adopted Budget.	
	<i>Testing</i>	\$5,000,000	\$10,759,400	\$7,879,700	City of Long Beach FY 2020-21 Adopted Budget.	

<sup>1</sup> Total Revenue represents the average tax revenue amount received by each city for the number of issued business licenses as of May 2021.

<sup>2</sup> Gross Receipts represents the average gross receipts for each business. The caution considers the tax rate of each use and the number of issued business licenses as of May 2021.

Source: City of Long Beach FY 2020-21 Adopted Budget, City of Santa Ana FY 2020-21 Adopted Budget

**Cannabis Buffer and Updated Buffer Map**

State law provides for a default cannabis buffer, disallowing the location of any licensed cannabis operation within 600 feet of “sensitive receptors”, defined as any “school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in existence at the time the license is issued.” However, the same provision of state law notes that this 600-foot standard from those uses applies unless “a ... local jurisdiction specifies a different [buffer].” As such, the City

can require customized buffers between City-identified “sensitive uses” and cannabis uses.

The buffer map included as part of the July 27, 2021 presentation utilized a 1,000-foot buffer, which Council stated they supported, in relation to sensitive uses and residential communities. As noted during the presentation, the proposed buffer did not include the sites identified in the 2022 Housing Element in response to the City’s 6<sup>th</sup> Cycle Regional Housing Needs Allocation (RHNA), as submitted to the Department of Housing and Community Development (HCD). The following updated map assumes the approval of the proposed housing sites from HCD.

**Figure 1. January 2022 Buffer Map**

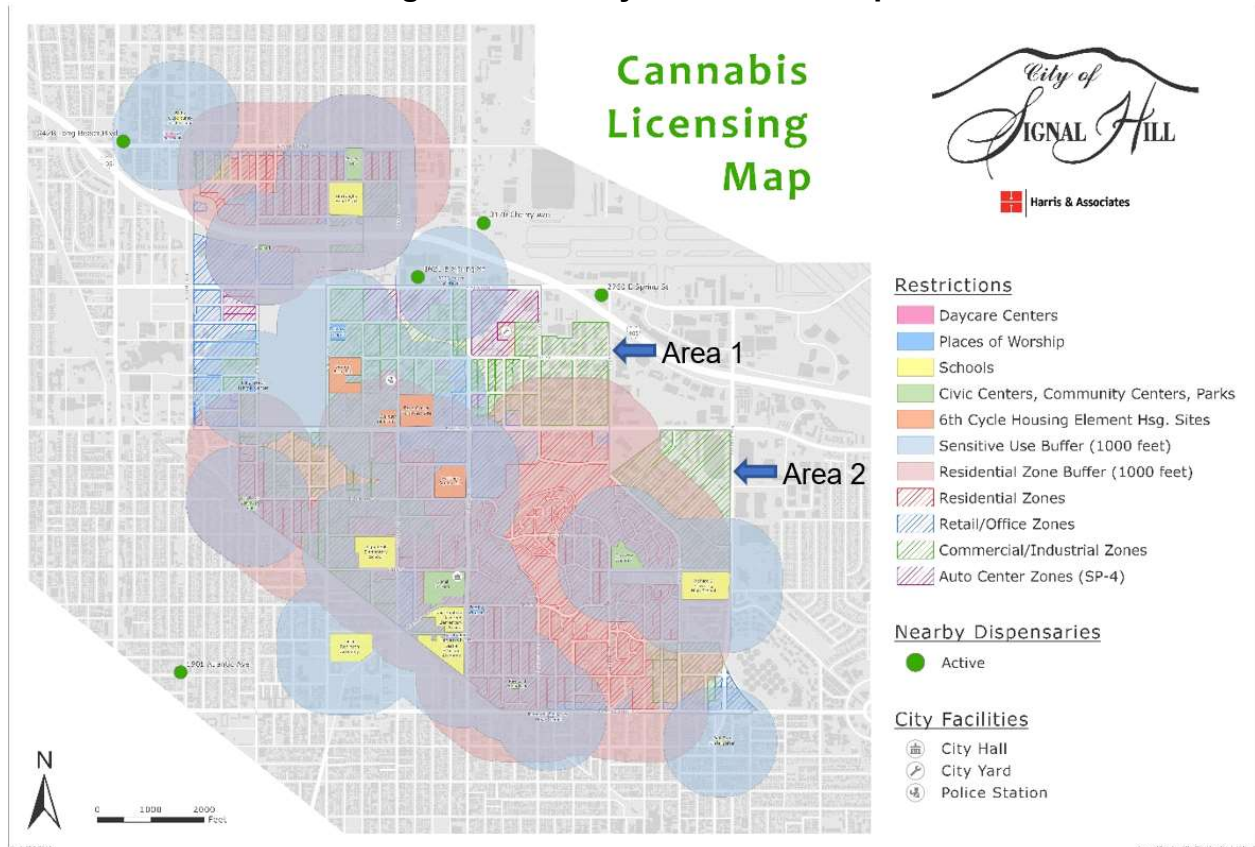
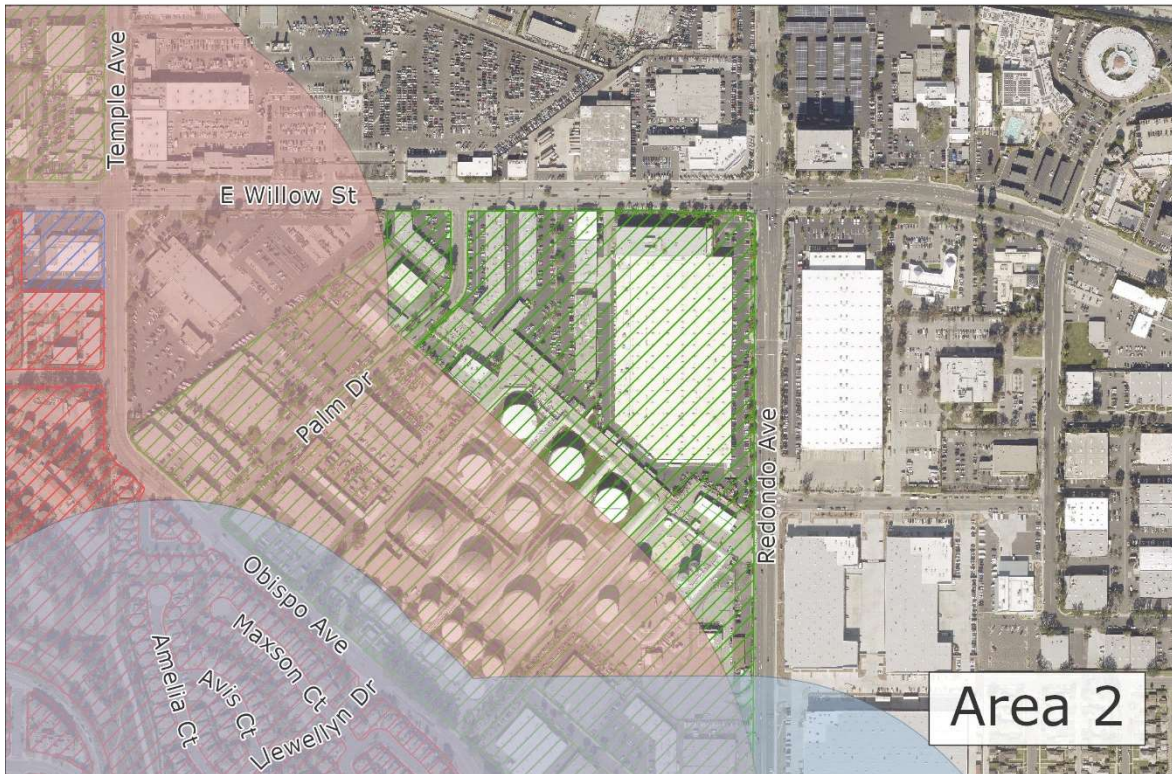
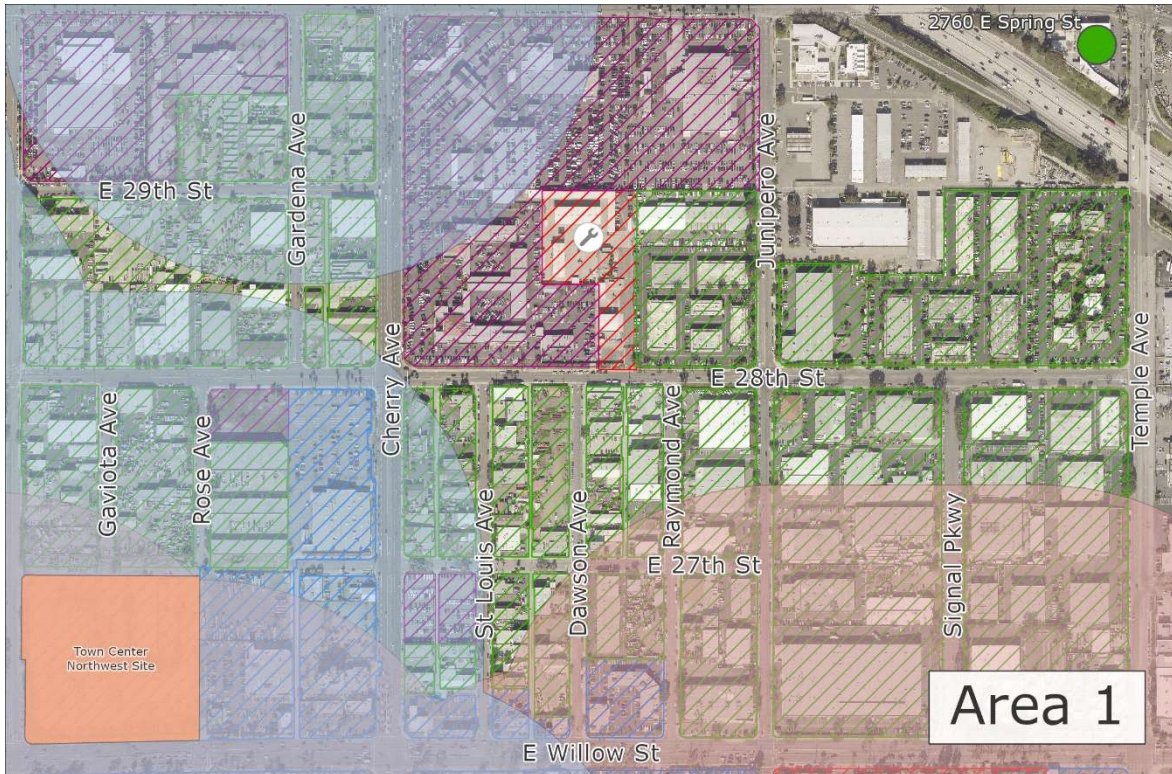


Figure 1 identifies two viable areas as shown in greater detail below.

**Figure 2. Areas Outside Buffer Zone**



Crime Statistics and Code Enforcement

The following is a summary of Police Department calls for service and crime statistics classified as directly pertaining to cannabis since 2016.

	2016	2017	2018	2019	2020	2021	2022 (YTD)
Selling of cannabis		1			1		
Possession with intent to sell	3	3			1		
Grow	2	1	1				
Possession of concentrated cannabis (More than 8 grams)	4	5	3	3	2		
Possession of cannabis (More than 28.5 grams)	113	84	56	46	31	28	2

The enforcement responsibilities vary as they relate to the type of violations handled by either the Police Department or Community Development/Code Enforcement, while the actual prosecution is handled by the City Attorney’s Office. The following is a summary of code enforcement cases classified as directly pertaining to cannabis since 2016.

- November 2017
  - 1388 E. 29<sup>th</sup> Street (at Cherry Avenue)
  - Incident: Fire.
  - Issuance of Permit: Demolition of unpermitted grow house.
  
- December 2017
  - 1839 Redondo Avenue (between E. 19<sup>th</sup> St. and Pacific Coast Highway)
  - Incident: Burglary alarm.
  - Code Enforcement Correction Notice: Cease operations of a medical marijuana dispensary business.
  - Case closed January 2018 (after inspection).
  
- September 2018
  - 2301 E. 28<sup>th</sup> Street, Suite 307 (near Junipero Avenue)
  - Incident: Community reports.
  - Code Enforcement Correction Notice: Cease operations of a medical marijuana clinic.
  - Case closed September 2018 (after inspection).
  
- September 2020
  - 2375 Lewis Avenue (near intersection of E. Burnett Street and California Avenue)
  - Incident: Community report.
  - Site visit conducted but no evidence of cannabis observed.
  - Case closed January 2021.

Costs

- Personnel Costs

Operation of cannabis-related businesses will require an increase in human resources. For planning purposes, staff has prepared the following conservative estimate. The costs included for the City Attorney and City Manager/Deputy City Manager come from the Harris & Associates Fiscal and Economic Impact Analysis. The costs for the three new positions are fully burdened and include pension and health benefit costs.

Status	Job Classification	Cost
Existing	City Attorney	\$40,000
Existing	City Manager/Deputy City Manager	\$9,000
New	Police Officer	\$176,000
New	Management Analyst (Finance)	\$134,000
New	Assistant Planner	\$121,000
	<b>TOTAL</b>	<b>\$480,000</b>

- Ballot Measure Costs

The estimated cost to include a ballot measure on the November 2022 general elections ballot is approximately \$7,000, in addition to the regular costs incurred for the General Municipal Election.

#### Health Impact Assessment of Licensed Cannabis Dispensaries

The Los Angeles (LA) County Department of Public Health published an 80-page report in July 2019 titled “Health Equity Implications of Retail Cannabis Regulation in Los Angeles County - Health Impact Assessment” (Attachment A).

The Executive Summary portion of the report states the following as related to community health impacts:

- This Health Impact Assessment (HIA) is in response to a Los Angeles County Board of Supervisors (Board) motion requesting that the LA County Department of Public Health assess the potential health equity implications of allowing licenses cannabis dispensaries to operate within the county’s unincorporated areas. Health equity is achieved when everyone has fair and just access to the goods, services, resources and power they need for optimal health and well-being. It requires policies that remove barriers to good health experienced disproportionately by some communities based on factors such as race, ethnicity, class, sexual orientation, place of residence, religion, or social status. The Board expressed concerns that unfettered commercialization of cannabis could contribute to a widening of health inequities in Los Angeles County.
- The four primary research questions addressed in this HIA examine the potential health impacts of policy and regulatory decisions related to:
  - Cannabis business locations and density
    - In 2017 (the year after Proposition 64 was passed but before state cannabis retail licensing began), both overall cannabis-related emergency department (ED) visit rates in LA County and the disparity between African Americans and Whites had doubled compared to 2012. A greater number of cannabis-related ED visits among residents of a zip code was associated with a significantly

- higher density of dispensaries in that zip code, although a distinction between licensed and unlicensed dispensaries could not yet be made.
- Cannabis business practices
    - Licensed dispensaries are experiencing unfair price competition from unlicensed operators whose prices do not incorporate state and local taxes or other regulatory and licensing costs. Presumably in response to this situation, they are marketing their products to less price-sensitive consumers in the higher-income areas where they are located.
    - While we were unable to access data on the geographic distribution or legality of cannabis billboard advertising, regulators are responding to resident complaints by crafting local ordinances to enhance their enforcement authority without necessarily veering from state regulations. Meanwhile, licensed operators report that most of their advertising is through online sources.
  - Cannabis regulatory enforcement
    - In LA County cities that agreed to allow licensed dispensaries beginning in 2018, the number of unlicensed dispensaries advertising on Weedmaps decreased considerably during the first months after the state began issuing licenses. Areas of the county that did not allow licensed dispensaries did not see similar decreases in unlicensed dispensaries. In fact, the total number of unlicensed dispensaries in those areas increased in 2018. In cities allowing licensed dispensaries, the initial decrease in unlicensed dispensaries plateaued at around the time that new product testing rules went into effect. As a result of these new rules, a surplus of cannabis products no longer sellable in the legal market was diverted to unlicensed dispensaries, and this may have contributed to the persistence of the plateau through the end of 2018.
    - Finally, with regard to cannabis-impaired driving, LA County ED visit data indicates that the proportion of cannabis-related ED visits involving vehicle injuries is quite small, increasing from just 2.5% to 3.2% from 2013 to 2017. While cannabis may be underreported in these ED data, the overall increase in cannabis-related ED visits was considerably greater, in absolute and relative terms, than the increase among the subset of those visits involving vehicle injuries. While continued monitoring of these trends is important, they suggest that, thus far, vehicle injuries are not a major public health threat associated with the legalization of cannabis in LA County.
  - Cannabis taxation
    - In a recent national survey of U.S. adults, the generation of tax revenue was ranked the number one argument in favor of cannabis legalization (with reduction in prison overcrowding a close second). While so-called “sin taxes” do not always produce stable long-term revenue streams, city and county-level cannabis sales and excise taxes, coupled with locally targeted state taxes, can generate a significant amount of revenue in the short to mid-term, particularly for large jurisdictions. Thus far, cities in LA County are opting to channel these tax revenues to their general funds where they can be used flexibly. At this early stage after Proposition 64 implementation, the most pressing cannabis-related local policy issue appears to be the persistence of unlicensed dispensaries.
    - Data from the California Healthy Kids Survey suggests that youth cannabis use in LA County had been gradually decreasing across most sociodemographic groups until the year after adult-use legalization, when there was a small but consistent increase. It is too soon to tell if this is the beginning of a change in the

overall trend, but careful monitoring is critical.

### Taxing Structure

If the Council moves forward to place a measure regarding the operation of cannabis-related businesses on the ballot, it would be prudent to also include a cannabis tax in the same ballot measure. Thus, should the voters approve the ballot measure it would allow for the taxation of cannabis-related businesses to assist the City in covering costs related to regulating cannabis businesses.

Reviewed:

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Sharon del Rosario

Attachment