



Cannabis Business Tax FAQ's

1. How did you decide on these rates?

The County balanced the need for revenues that could fund necessary County programs with the larger goal of promoting and sustaining a viable legal market. High taxation of California cannabis businesses has been a prominent issue that threatens the legal market's sustainability. The County recommends comparatively low cannabis business tax rates that support the long-term success of legal businesses so that they may contribute to the local economy and promote a responsible market.

2. How will the revenue be used?

The revenues generated by this general tax will be deposited to the County's General Fund for any County service. However, through the budget process, the Board of Supervisors may direct cannabis tax revenue to support key priorities and initiatives to support equitable programs and resources throughout the County.

3. Can cannabis businesses now operate legally in unincorporated Los Angeles County if this measure passes?

No, all cannabis business activity will remain prohibited in the unincorporated areas of the County until the cannabis business permitting program is launched in 2023. This measure would make it legal for the County to tax the revenues of cannabis businesses operating in these areas. Once the permitting program launches, a cannabis business operator will need to obtain all the required permits and licenses from the appropriate state and local regulatory agencies including a cannabis business permit issued by the Los Angeles County Office of Cannabis Management.

4. Do I have to pay taxes if I cultivate cannabis for personal use?

No, the cannabis tax does not apply to cannabis that is personally cultivated and does not require a State license.

5. Can the County's cannabis tax rates be changed?

Yes, beginning July 1, 2026, the Board of Supervisors will be able to decrease or increase tax rates up to the maximum rate. Additionally, beginning July 1, 2027 and on each July 1 thereafter, the maximum annual tax rates for commercial cannabis cultivation will be adjusted annually for inflation based on the Consumer Price Index (CPI).

6. Do these taxes apply to all cannabis businesses in Los Angeles County?

No, these taxes will only apply to commercial cannabis businesses located in the unincorporated areas of Los Angeles County.

7. As a cannabis business, will I need to register my business with the County?

Yes, any existing, newly established, or acquired cannabis business in the unincorporated areas must register with the Los Angeles County Treasurer and Tax Collector within thirty (30) days of commencing operation once the permitting program has launched or within thirty (30) days after the effective date of this ordinance.

8. What will I need to register my cannabis business with the County?

Tax Registration will require each business to provide general information about the business and its owners. The County may also require additional information on an as-needed basis.

9. Besides Tax Registration are there other requirements to legally operate a cannabis business?

Yes, you must register with the California Department of Tax and Fee Administration (CDTFA) for a sellers permit and sales tax remittance may be required for your business. Please visit CDTFA at www.cdtfa.ca.gov for more information.

Additional permits and licenses will be required by the State of California and from various County of Los Angeles departments including the Office of Cannabis Management when the permitting program is launched.

10. As a cannabis business, when will taxes be due?

Taxes will be due and payable on or before the last day of each calendar month. Every business owing a cannabis business tax must provide a tax statement to the County of the amount of tax owed for the preceding calendar month and remit payment for the full amount of tax owed for the preceding month. Payments not made on or before the due date will be deemed delinquent.

11. Why will illegal cannabis businesses also be taxed through this measure?

The proliferation of illegal cannabis businesses throughout the County and the state threatens the sustainability of the legal market and the public health and safety of our communities. Imposing a cannabis tax on illegal cannabis businesses would allow regulators to prosecute on tax evasion, providing an additional tool to combat these illegal businesses.