File No. 250929 **Committee Item No.** 13
Board Item No. 5

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Brent Jalipa **Date** November 20, 2025
Completed by: Brent Jalipa **Date** December 4, 2025

[Business and Tax Regulations Code - Extending Suspension of Cannabis Business Tax ~~Repeal~~]

Ordinance amending the Business and Tax Regulations Code to extend the suspension of the cannabis business tax, through December 31, 2035~~repeal the cannabis business tax beginning on January 1, 2026~~, and remove references to the cannabis business tax from the common administrative provisions of the Code.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *~~strikethrough italics Times New Roman font~~*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Business and Tax Regulations Code is hereby amended by revising subsection (c) of Section 3003 of~~deleting~~ Article 30, to read~~consisting of Sections 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, and 3014,~~ as follows:

~~***ARTICLE 30: CANNABIS BUSINESS TAX***~~

ARTICLE 30: CANNABIS BUSINESS TAX

~~***SEC. 3001. SHORT TITLE.***~~

~~*This Article 30 shall be known as the "Cannabis Business Tax Ordinance," and the tax it imposes shall be known as the "Cannabis Business Tax."*~~

SEC. 3001. SHORT TITLE.

This Article 30 shall be known as the "Cannabis Business Tax Ordinance," and the tax it imposes shall be known as the "Cannabis Business Tax."

~~***SEC. 3002. DEFINITIONS.***~~

~~*Unless otherwise defined in this Article 30, the terms used in this Article shall have the meanings given to them in Articles 6 and 12-A-1 of the Business and Tax Regulations Code, as amended from time to time. For purposes of this Article 30, the following definitions shall apply:*~~

~~*"Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Article 30, "Cannabis" does not mean "Industrial Hemp."*~~

~~*"Cannabis Business Activities" means any business activities directly related to Cannabis or Cannabis Products, including but not limited to the cultivation, possession, manufacture, processing, storing, labeling, distribution, or sale of Cannabis or Cannabis Products for consideration. "Cannabis Business Activities" shall not include: (a) business activities indirectly related to Cannabis or Cannabis Products, including the sale of items that do not themselves contain Cannabis or Cannabis Products; (b) laboratory testing; and (c) transportation of Cannabis or Cannabis Products where the person transporting Cannabis or Cannabis Products never takes title to or sells Cannabis or Cannabis Products.*~~

~~*"Cannabis Products" means Cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated Cannabis, or an edible or topical product containing Cannabis or concentrated Cannabis and other ingredients.*~~

~~*"Industrial Hemp" means a fiber or oilseed crop, or both, that is limited to types of the plant Cannabis sativa L. having no more than three tenths of 1% tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.*~~

~~*"Medicinal Cannabis" means Cannabis or a Cannabis Product, respectively, sold for use under the Compassionate Use Act of 1996 (Proposition 215) by a medicinal cannabis patient in California who possesses a physician's recommendation.*~~

~~*"Retail Sale" means any transaction whereby, for any consideration, title to Cannabis or Cannabis Products is transferred from one person to another for the latter person's use and not for resale, and includes the delivery of Cannabis or Cannabis Products to a person for such person's own use and not for resale pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same.*~~

SEC. 3002. DEFINITIONS.

Unless otherwise defined in this Article 30, the terms used in this Article shall have the meanings given to them in Articles 6 and 12-A-1 of the Business and Tax Regulations Code, as amended from time to time. For purposes of this Article 30, the following definitions shall apply:

"Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the

separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Article 30, "Cannabis" does not mean "Industrial Hemp."

"Cannabis Business Activities" means any business activities directly related to Cannabis or Cannabis Products, including but not limited to the cultivation, possession, manufacture, processing, storing, labeling, distribution, or sale of Cannabis or Cannabis Products for consideration. "Cannabis Business Activities" shall not include: (a) business activities indirectly related to Cannabis or Cannabis Products, including the sale of items that do not themselves contain Cannabis or Cannabis Products; (b) laboratory testing; and (c) transportation of Cannabis or Cannabis Products where the person transporting Cannabis or Cannabis Products never takes title to or sells Cannabis or Cannabis Products.

"Cannabis Products" means Cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated Cannabis, or an edible or topical product containing Cannabis or concentrated Cannabis and other ingredients.

"Industrial Hemp" means a fiber or oilseed crop, or both, that is limited to types of the plant Cannabis sativa L. having no more than three tenths of 1% tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.

"Medicinal Cannabis" means Cannabis or a Cannabis Product, respectively, sold for use under the Compassionate Use Act of 1996 (Proposition 215) by a medicinal cannabis patient in California who possesses a physician's recommendation.

"Retail Sale" means any transaction whereby, for any consideration, title to Cannabis or Cannabis Products is transferred from one person to another for the latter person's use and not for resale, and includes the delivery of Cannabis or Cannabis Products to a person for such person's own use and not for resale pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same.

~~***SEC. 3003. IMPOSITION OF TAX.***~~

~~*(a) Except as otherwise provided in this Article 30, for the privilege of engaging in Cannabis Business Activities in the City, the City imposes an annual Cannabis Business Tax on each person engaged in business in the City that receives gross receipts from Cannabis Business Activities attributable to the City.*~~

~~*(b) The Cannabis Business Tax shall be calculated in the following manner:*~~

~~*(1) The person or combined group's first $1,000,000 of gross receipts attributable to the City from Cannabis Business Activities shall be exempt from the Cannabis Business Tax.*~~

~~*(2) The person or combined group's gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products, including the amount exempt under Section 3003(b)(1), shall be multiplied as follows:*~~

~~*(A) by 2.5% for gross receipts in excess of the amount exempt under Section 3003(b)(1) and up to and including $1,500,000; and*~~

~~*(B) by 5% for gross receipts over $1,500,000.*~~

~~*(3) The person or combined group's gross receipts attributable to the City from all Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, including the amount exempt under Section 3003(b)(1), shall be multiplied as follows:*~~

~~*(A) by 1% for gross receipts in excess of the amount exempt under Section 3003(b)(1) and up to and including $1,500,000; and*~~

~~*(B) by 1.5% for gross receipts over $1,500,000.*~~

~~*(4) The Board of Supervisors may from time to time by an ordinance adopted by at least two-thirds of the members of the Board increase one or more of the rates provided for in Sections 3003(b)(2) and 3003(b)(3), except that no rate may increase more than 1% annually and no rate may exceed 7%. The Board of Supervisors may from time to time by an ordinance adopted by a majority of the members of the Board decrease one or more of the rates provided for in Sections 3003(b)(2) and 3003(b)(3). Any such adjustments in this Section 3003(b)(4) shall be effective no sooner than the tax year following the tax year in which the ordinance adjusting the rate is effective. The Controller shall prepare and submit a market analysis and impact report to the Board before the Board adjusts any tax rate under this Section 3003(b)(4).*~~

~~*(5) If a person or combined group has gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products and from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, the person or combined group's Cannabis Business Tax shall be determined as follows:*~~

~~*(A) The person or combined group's taxable gross receipts shall be determined on an aggregate basis first for gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, and then for gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products;*~~

~~*(B) The $1,000,000 exemption in Section 3003(b)(1) shall be applied first to gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of*~~

~~*Cannabis or Cannabis Products, with any remaining portion of the exemption then applied to gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products;*~~

~~*(C) The rates applicable under Section 3003(b)(2) shall be determined by applying the rate scale commencing with the gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products; and*~~

~~*(D) The Cannabis Business Tax for the person or combined group shall be the sum of the liabilities calculated under Sections 3003(b)(2) and 3002(b)(3), determined in accordance with Sections 3003(b)(5)(A), 3003(b)(5)(B), and 3003(b)(5)(C).*~~

~~*(c) The imposition of the Cannabis Business Tax under this Section 3003 shall be suspended for the 2021, 2022, 2023, 2024, and 2025 tax years.*~~

SEC. 3003. IMPOSITION OF TAX.

(a) Except as otherwise provided in this Article 30, for the privilege of engaging in Cannabis Business Activities in the City, the City imposes an annual Cannabis Business Tax on each person engaged in business in the City that receives gross receipts from Cannabis Business Activities attributable to the City.

(b) The Cannabis Business Tax shall be calculated in the following manner:

(1) The person or combined group's first $1,000,000 of gross receipts attributable to the City from Cannabis Business Activities shall be exempt from the Cannabis Business Tax.

(2) The person or combined group's gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products, including the amount exempt under Section 3003(b)(1), shall be multiplied as follows:

(A) by 2.5% for gross receipts in excess of the amount exempt under Section 3003(b)(1) and up to and including $1,500,000; and

(B) by 5% for gross receipts over $1,500,000.

(3) The person or combined group's gross receipts attributable to the City from all Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, including the amount exempt under Section 3003(b)(1), shall be multiplied as follows:

(A) by 1% for gross receipts in excess of the amount exempt under Section 3003(b)(1) and up to and including $1,500,000; and

(B) by 1.5% for gross receipts over $1,500,000.

(4) The Board of Supervisors may from time to time by an ordinance adopted by at least two-thirds of the members of the Board increase one or more of the rates provided for in Sections 3003(b)(2) and 3003(b)(3), except that no rate may increase more than 1% annually and no rate may exceed 7%. The Board of Supervisors may from time to time by an ordinance adopted by a majority of the members of the Board decrease one or more of the rates provided for in Sections 3003(b)(2) and 3003(b)(3). Any such adjustments in this Section 3003(b)(4) shall be effective no sooner than the tax year following the tax year in which the ordinance adjusting the rate is effective. The Controller shall prepare and submit a market analysis and impact report to the Board before the Board adjusts any tax rate under this Section 3003(b)(4).

(5) If a person or combined group has gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products and from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, the person or combined group's Cannabis Business Tax shall be determined as follows:

(A) The person or combined group's taxable gross receipts shall be determined on an aggregate basis first for gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, and then for gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products;

(B) The $1,000,000 exemption in Section 3003(b)(1) shall be applied first to gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products, with any remaining portion of the exemption then applied to gross receipts attributable to the City from the Retail Sale of Cannabis or Cannabis Products;

(C) The rates applicable under Section 3003(b)(2) shall be determined by applying the rate scale commencing with the gross receipts attributable to the City from Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products; and

(D) The Cannabis Business Tax for the person or combined group shall be the sum of the liabilities calculated under Sections 3003(b)(2) and 3002(b)(3), determined in accordance with Sections 3003(b)(5)(A), 3003(b)(5)(B), and 3003(b)(5)(C).

(c) The imposition of the Cannabis Business Tax under this Section 3003 shall be suspended for the tax years 2021 through and including 2035.

~~***SEC. 3004. ALLOCATION; GROSS RECEIPTS ATTRIBUTABLE TO THE CITY.***~~

~~*(a) Notwithstanding any other provision of this Article 30, any person subject to the Cannabis Business Tax engaging in Cannabis Business Activities in the City and engaging in no Cannabis Business Activities outside the City is subject to the Cannabis Business Tax on all non-exempt gross receipts.*~~

~~*(b) Notwithstanding any other provision of this Article 30, any person subject to the Cannabis Business Tax engaging in Cannabis Business Activities both in the City and outside the City shall determine their or their combined group's gross receipts attributable to the City from Cannabis Business Activities under Section 956.1 of Article 12-A-1. For purposes of this Section 3004(b), "gross*~~

~~*receipts" as used in Section 956.1 of Article 12-A-1 shall mean all of the person or combined group's non-exempt gross receipts from Cannabis Business Activities.*~~

SEC. 3004. ALLOCATION; GROSS RECEIPTS ATTRIBUTABLE TO THE CITY.

(a) Notwithstanding any other provision of this Article 30, any person subject to the Cannabis Business Tax engaging in Cannabis Business Activities in the City and engaging in no Cannabis Business Activities outside the City is subject to the Cannabis Business Tax on all non-exempt gross receipts.

(b) Notwithstanding any other provision of this Article 30, any person subject to the Cannabis Business Tax engaging in Cannabis Business Activities both in the City and outside the City shall determine their or their combined group's gross receipts attributable to the City from Cannabis Business Activities under Section 956.1 of Article 12-A-1. For purposes of this Section 3004(b), "gross receipts" as used in Section 956.1 of Article 12-A-1 shall mean all of the person or combined group's non-exempt gross receipts from Cannabis Business Activities.

~~***SEC. 3005. EXEMPTIONS AND EXCLUSIONS.***~~

~~*(a) For purposes of this Article 30, gross receipts shall not include receipts from the Retail Sale of Medicinal Cannabis.*~~

~~*(b) An organization that is exempt from income taxation by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the California Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, as qualified by Sections 502, 503, 504, and 508 of the Internal Revenue Code of 1986, as amended, shall be exempt from taxation under this Article 30, only so long as those exemptions continue to exist under state or federal law.*~~

~~*(c) For purposes of this Article 30, gross receipts shall not include receipts from business activities if, and only so long as and to the extent that, the City is prohibited from taxing such receipts under the Constitution or laws of the United States or under the Constitution or laws of the State of California.*~~

~~*(d) For only so long as and to the extent that the City is prohibited from imposing the Cannabis Business Tax, any person upon whom the City is prohibited under the Constitution or laws of the State of California or the Constitution or laws of the United States from imposing the Cannabis Business Tax shall be exempt from the Cannabis Business Tax.*~~

SEC. 3005. EXEMPTIONS AND EXCLUSIONS.

(a) For purposes of this Article 30, gross receipts shall not include receipts from the Retail Sale of Medicinal Cannabis.

(b) An organization that is exempt from income taxation by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the California Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, as qualified by Sections 502, 503, 504, and 508 of the Internal Revenue Code of 1986, as amended, shall be exempt from taxation under this Article 30, only so long as those exemptions continue to exist under state or federal law.

(c) For purposes of this Article 30, gross receipts shall not include receipts from business activities if, and only so long as and to the extent that, the City is prohibited from taxing such receipts under the Constitution or laws of the United States or under the Constitution or laws of the State of California.

(d) For only so long as and to the extent that the City is prohibited from imposing the Cannabis Business Tax, any person upon whom the City is prohibited under the Constitution or laws of the State of California or the Constitution or laws of the United States from imposing the Cannabis Business Tax shall be exempt from the Cannabis Business Tax.

~~***SEC. 3006. RETURNS; COMBINED RETURNS.***~~

~~*(a) Persons subject to the Cannabis Business Tax shall file returns at the same time and in the same manner as returns filed for the gross receipts tax (Article 12-A-1), including the rules for combined returns under Section 956.3, as amended from time to time.*~~

~~*(b) If a person is subject to the Cannabis Business Tax but is not required to file a gross receipts tax return, such person or combined group's Cannabis Business Tax return shall be filed at the same time and in the same manner as if such person or combined group were required to file a gross receipts tax return.*~~

~~*(c) For purposes of this Article 30, a lessor of residential real estate is treated as a separate person with respect to each individual building in which it leases residential real estate units, notwithstanding Section 6.2-15 of Article 6, as amended from time to time, or subsection (a) of this Section 3006. This subsection (c) applies only to leasing residential real estate units within a building, and not to any business activity related to other space, either within the same building or other buildings, which is not residential real estate. The Tax Collector is authorized to determine what constitutes a separate building and the number of units in a building.*~~

SEC. 3006. RETURNS; COMBINED RETURNS.

(a) Persons subject to the Cannabis Business Tax shall file returns at the same time and in the same manner as returns filed for the gross receipts tax (Article 12-A-1), including the rules for combined returns under Section 956.3, as amended from time to time.

(b) If a person is subject to the Cannabis Business Tax but is not required to file a gross receipts tax return, such person or combined group's Cannabis Business Tax return shall be filed at the same time and in the same manner as if such person or combined group were required to file a gross receipts tax return.

(c) For purposes of this Article 30, a lessor of residential real estate is treated as a separate person with respect to each individual building in which it leases residential real

estate units, notwithstanding Section 6.2-15 of Article 6, as amended from time to time, or subsection (a) of this Section 3006. This subsection (c) applies only to leasing residential real estate units within a building, and not to any business activity related to other space, either within the same building or other buildings, which is not residential real estate. The Tax Collector is authorized to determine what constitutes a separate building and the number of units in a building.

~~***SEC. 3007. TAX COLLECTOR AUTHORIZED TO DETERMINE GROSS RECEIPTS.***~~

~~*The Tax Collector may, in the Tax Collector's reasonable discretion, independently establish a person or combined group's gross receipts attributable to the City from Cannabis Business Activities and establish or reallocate gross receipts among related entities so as to fairly reflect the gross receipts attributable to the City from Cannabis Business Activities of all persons and combined groups.*~~

SEC. 3007. TAX COLLECTOR AUTHORIZED TO DETERMINE GROSS RECEIPTS.

The Tax Collector may, in the Tax Collector's reasonable discretion, independently establish a person or combined group's gross receipts attributable to the City from Cannabis Business Activities and establish or reallocate gross receipts among related entities so as to fairly reflect the gross receipts attributable to the City from Cannabis Business Activities of all persons and combined groups.

~~***SEC. 3008. CONSTRUCTION AND SCOPE OF THE CANNABIS BUSINESS TAX ORDINANCE.***~~

~~*(a) This Article 30 is intended to authorize application of the Cannabis Business Tax in the broadest manner consistent with its provisions and with the California Constitution, the United States Constitution, and any other applicable provision of federal or state law.*~~

~~*(b) The Cannabis Business Tax imposed by this Article 30 is in addition to all other City taxes, including the gross receipts tax imposed by Article 12-A-1, as amended from time to time. Accordingly, by way of example and not limitation, persons subject to both the Cannabis Business Tax and the gross receipts tax shall pay both taxes. Persons exempt from either the gross receipts tax or the Cannabis Business Tax, but not both, shall pay the tax from which they are not exempt.*~~

SEC. 3008. CONSTRUCTION AND SCOPE OF THE CANNABIS BUSINESS TAX ORDINANCE.

(a) This Article 30 is intended to authorize application of the Cannabis Business Tax in the broadest manner consistent with its provisions and with the California Constitution, the United States Constitution, and any other applicable provision of federal or state law.

(b) The Cannabis Business Tax imposed by this Article 30 is in addition to all other City taxes, including the gross receipts tax imposed by Article 12-A-1, as amended from time to time. Accordingly, by way of example and not limitation, persons subject to both the Cannabis Business Tax and the gross receipts tax shall pay both taxes. Persons exempt from either the gross receipts tax or the Cannabis Business Tax, but not both, shall pay the tax from which they are not exempt.

~~***SEC. 3009. ADMINISTRATION OF THE CANNABIS BUSINESS TAX ORDINANCE.***~~

~~*Except as otherwise provided under this Article 30, the Cannabis Business Tax Ordinance shall be administered pursuant to Article 6 of the Business and Tax Regulations Code, as amended from time to time.*~~

SEC. 3009. ADMINISTRATION OF THE CANNABIS BUSINESS TAX ORDINANCE.

Except as otherwise provided under this Article 30, the Cannabis Business Tax Ordinance shall be administered pursuant to Article 6 of the Business and Tax Regulations Code, as amended from time to time.

~~***SEC. 3010. EXPENDITURE OF PROCEEDS.***~~

~~*Proceeds from the Cannabis Business Tax shall be deposited in the City's General Fund and may be spent for unrestricted general revenue purposes of the City.*~~

SEC. 3010. EXPENDITURE OF PROCEEDS.

Proceeds from the Cannabis Business Tax shall be deposited in the City's General Fund and may be spent for unrestricted general revenue purposes of the City.

~~***SEC. 3011. AMENDMENT OF ORDINANCE.***~~

~~*Except as limited in Section 3003(b)(4) and as limited by Article XIII C of the California Constitution, the Board of Supervisors may amend or repeal this Article 30 by ordinance without a vote of the people.*~~

SEC. 3011. AMENDMENT OF ORDINANCE.

Except as limited in Section 3003(b)(4) and as limited by Article XIII C of the California Constitution, the Board of Supervisors may amend or repeal this Article 30 by ordinance without a vote of the people.

~~***SEC. 3012. EFFECT OF STATE AND FEDERAL AUTHORIZATION.***~~

~~*To the extent that the City's authorization to impose or collect any tax imposed under this Article 30 is expanded or limited as a result of changes in state or federal statutes, regulations, or other laws, or judicial interpretations of those laws, no amendment or modification of this Article shall be required to conform the taxes to those changes, and the taxes are hereby imposed in conformity with those changes and the Tax Collector shall collect them to the full extent of the City's authorization up to the full amount and rate of the taxes imposed under this Article.*~~

SEC. 3012. EFFECT OF STATE AND FEDERAL AUTHORIZATION.

To the extent that the City's authorization to impose or collect any tax imposed under this Article 30 is expanded or limited as a result of changes in state or federal statutes, regulations, or other laws, or judicial interpretations of those laws, no amendment or modification of this Article shall be required to conform the taxes to those changes, and the taxes are hereby imposed in conformity with those changes and the Tax Collector shall collect them to the full extent of the City's authorization up to the full amount and rate of the taxes imposed under this Article.

~~***SEC. 3013. SEVERABILITY.***~~

~~*(a) Except as provided in Section 3013(b), if any section, subsection, sentence, clause, phrase, or word of this Article 30, or the application thereof to any person or circumstance, is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Article, including the application of such portions to other persons or circumstances. The People of the City and County of San Francisco hereby declare that, except as provided in Section 3013(b), they would have adopted each section, subsection, sentence, clause, phrase, and word of this Article not declared invalid or unconstitutional without regard to whether any other portion of this Article would be subsequently declared invalid or unconstitutional.*~~

~~*(b) If the imposition of the Cannabis Business Tax in Section 3003 is held in its entirety to be facially invalid or unconstitutional in a final court determination, the remainder of this Article 30 shall be void and of no force and effect, and the City Attorney shall cause it to be removed from the Business and Tax Regulations Code.*~~

SEC. 3013. SEVERABILITY.

(a) Except as provided in Section 3013(b), if any section, subsection, sentence, clause, phrase, or word of this Article 30, or the application thereof to any person or circumstance, is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Article, including the application of such portions to other persons or circumstances. The People of the City and County of San Francisco hereby declare that, except as provided in Section 3013(b), they would have adopted each section, subsection, sentence, clause, phrase, and word of this Article not declared invalid or unconstitutional without regard to whether any other portion of this Article would be subsequently declared invalid or unconstitutional.

(b) If the imposition of the Cannabis Business Tax in Section 3003 is held in its entirety to be facially invalid or unconstitutional in a final court determination, the remainder of this Article 30 shall be void and of no force and effect, and the City Attorney shall cause it to be removed from the Business and Tax Regulations Code.

~~***SEC. 3014. SAVINGS CLAUSE.***~~

~~*No section, clause, part, or provision of this Article 30 shall be construed as requiring the payment of any tax that would be in violation of the Constitution or laws of the United States or of the Constitution or laws of the State of California.*~~

SEC. 3014. SAVINGS CLAUSE.

No section, clause, part, or provision of this Article 30 shall be construed as requiring the payment of any tax that would be in violation of the Constitution or laws of the United States or of the Constitution or laws of the State of California.

Section 2. Article 6 of the Business and Tax Regulations Code is hereby amended by revising Sections 6.1-1, 6.2-12, 6.2-17, 6.8-1, 6.8-2, 6.9-1, 6.9-4, 6.11-2, 6.14-1, 6.15-1, 6.15-2, 6.17-1.1, and 6.25-1, to read as follows:

SEC. 6.1-1. COMMON ADMINISTRATIVE PROVISIONS.

(a) These common administrative provisions shall apply to Articles 6, 7, 8, 9, 10, 10B, 11, 12, 12-A-1, 21, 28, 29, 29A, ~~*30,*~~ 32, and 33 of this Code and to Chapter 105 of the Administrative Code, unless the specific language of either Code otherwise requires. Any provision of this Article 6 that references or applies to Article 10 shall be deemed to also reference or apply to Article 10B. Any provision of this Article 6 that references or applies to a tax shall be deemed to also reference or apply to a fee administered pursuant to this Article, and shall be deemed to also reference or apply to an assessment levied pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 et seq.) or Article 15 of this Code. A fee administered pursuant to Article 6 or an assessment levied pursuant to the Property and Business Improvement District Law of 1994 or Article 15 of this Code shall for purposes of this Article be deemed to be imposed pursuant to the provisions of the Business and Tax Regulations Code.

*** * * ***

SEC. 6.2-12. NEXUS: "ENGAGING IN BUSINESS WITHIN THE CITY."

The taxes imposed by Article 12-A-1 (Gross Receipts Tax Ordinance), Article 21 (Early Care and Education Commercial Rents Tax Ordinance), Article 28 (Homelessness Gross Receipts Tax Ordinance), ~~*Article 30 (Cannabis Business Tax Ordinance),*~~ Article 32 (Traffic Congestion Mitigation Tax Ordinance), and Article 33 (Overpaid Executive Gross Receipts Tax), and the registration fee imposed by Article 12 (Business Registration Ordinance) shall

apply to any person engaging in business within the City unless exempted therefrom under said Articles. A person is "engaging in business within the City," within the meaning of this Article 6, if that person meets one or more of the following conditions:

* * * *

SEC. 6.2-17. RETURN.

The term "return" means any written statement required to be filed under Articles 6, 7, 8, 9, 10, 10B, 11, 12, 12-A-1 , 21, 28, 29, 29A, ~~*30,*~~ 32, or 33, or under laws applicable to a fee administered pursuant to Article 6, or under laws applicable to an assessment levied pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 et seq.) or Article 15 of this Code.

SEC. 6.8-1. CITY, PUBLIC ENTITY, AND CONSTITUTIONAL EXEMPTIONS.

(a) Nothing in Articles 6, 7, 8, 9, 10, 10B, 11, 12, 12-A-1, 21, 28, 29, 29A , ~~*30,*~~ 32, or 33 shall be construed as imposing a tax upon:

* * * *

SEC. 6.8-2. CREDITS AND EXEMPTIONS; TAX DIFFERENCES.

The credits, exemptions, and differences in tax treatment set forth in Articles 6, 7, 8, 9, 10, 10B, 11, 12, 12-A-1, 12-C, 21, 28, 29, 29A, ~~*30,*~~ 32, and 33 of this Business and Tax Regulations Code, in laws applicable to fees administered pursuant to this Article 6, and in laws applicable to assessments levied pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 et seq.) or Article 15 of this Code, are provided on the assumption that the City has the power to authorize such credits, exemptions, and differences in tax treatment. If a credit, exemption, or

difference in tax treatment is invalidated by a court of competent jurisdiction, the taxpayer must pay any additional amount that the taxpayer would have owed but for such invalid credit, exemption, or difference in tax treatment. Amounts owed as a result of the invalidation of a credit, exemption, or difference in tax treatment that are paid within three years after the decision of the court becomes final shall not be subject to interest or penalties.

SEC. 6.9-1. RETURNS AND PAYMENTS.

* * * *

(c) **Gross Receipts Tax, Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, *~~Cannabis Business Tax,~~* and Overpaid Executive Gross Receipts Tax.**

(1) **Annual Due Date.** Except for any extensions granted under Section 6.9-4 or as otherwise provided in this Business and Tax Regulations Code, returns and payments of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under Section 2804(d) or Section 2804.9 of Article 28), *~~the Cannabis Business Tax (Article 30),~~* and the Overpaid Executive Gross Receipts Tax (Article 33) (including the overpaid executive administrative office tax imposed under Section 3303(g) of Article 33) are due and payable, and shall be delinquent if not submitted and paid to the Tax Collector, on or before the last day of February of the succeeding year.

(2) **Small Business Exemption.** A person or combined group that qualifies for the small business exemption in Section 954.1 of Article 12-A-1 shall be exempt from filing a Gross Receipts Tax return, a Homelessness Gross Receipts Tax return, and an Overpaid

Executive Gross Receipts Tax return. Notwithstanding the preceding sentence, any person taking the Payroll Expense Tax Exclusion Credit in Section 960 of Article 12-A-1 must file a Gross Receipts Tax return, regardless of whether such person qualifies for the small business exemption from the Gross Receipts Tax. A person or combined group that qualifies for the small business exemption in Section 2106 of Article 21 shall be exempt from filing an Early Care and Education Commercial Rents Tax return, except that any person taking the credit for child care facilities in Section 2106.1 of Article 21 must file an Early Care and Education Commercial Rents Tax return, regardless of whether such person qualifies for the small business exemption from the Early Care and Education Commercial Rents Tax. This subsection (c)(2) shall not apply to persons or combined groups subject to taxes on administrative office business activities in Section 953.8 of Article 12-A-1, Sections 2804(d) or 2804.9 of Article 28, or Section 3303(g) of Article 33.

(3) **Estimated Tax Payments.** Except as provided in Section 6.9-1(c)(3)(D) with respect to estimated tax payments of the Gross Receipts Tax, every person or combined group liable for payment of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under Section 2804(d) or Section 2804.9 of Article 28), ~~*the Cannabis Business Tax (Article 30),*~~ or the Overpaid Executive Gross Receipts Tax (Article 33) (including the overpaid executive administrative office tax imposed under Section 3303(g) of Article 33) shall make three estimated tax payments, in addition to the annual payments in Section 6.9-1(c)(1), as follows:

(A) **Due Dates.** The first, second, and third estimated tax payments for a tax year shall be due and payable, and shall be delinquent if not paid on or before, April 30, July 31, and October 31, respectively, of that tax year. Estimated tax payments shall be a

credit against the person or combined group's total annual liability, as applicable, for the Gross Receipts Tax (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax (including the homelessness administrative office tax imposed under Section 2804(d) or Section 2804.9 of Article 28), ~~*Cannabis Business Tax,*~~ or Overpaid Executive Gross Receipts Tax (including the overpaid executive administrative office tax imposed under Section 3303(g) of Article 33), for the tax year in which such estimated tax payments are due.

(B) **Gross Receipts Tax Estimated Tax Payments.** A person or combined group's estimated tax payments of Gross Receipts Tax, including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1, shall each equal the lesser of:

(i) 25% of the Gross Receipts Tax liability (including any liability for the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) shown on the person or combined group's return for the tax year (or, if no return is filed, 25% of the person or combined group's actual Gross Receipts Tax liability for the tax year); or

(ii) 25% of the Gross Receipts Tax liability (including any liability for the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) shown on the person or combined group's return for the preceding tax year. If the person or combined group did not file a return for the preceding tax year and timely requested an extension under Section 6.9-4 of this Article 6 to file that return, the person or combined group's Gross Receipts Tax liability (including any liability for the tax on administrative office business activities) for the preceding tax year for purposes of this subsection (c)(3)(B)(ii) shall be deemed to be the amount of any payment required under

Section 6.9-4 as a condition of such extension. If the person or combined group did not file a return for the preceding tax year and did not request an extension under Section 6.9-4 to file that return, the person or combined group shall owe no estimated tax payments of Gross Receipts Taxes (or estimated tax payments of the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) for the current tax year. For purposes of this subsection (c)(3)(B)(ii), "taxable gross receipts" means a person or combined group's gross receipts, not excluded under Section 954 of Article 12-A-1, attributable to the City.

(C) **Estimated Tax Payments for Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, ~~*Cannabis Business Tax,*~~ and Overpaid Executive Gross Receipts Tax.** A person or combined group's estimated tax payments of the Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax (including the homelessness administrative office tax imposed under Section 2804(d) or Section 2804.9 of Article 28), ~~*Cannabis Business Tax,*~~ and Overpaid Executive Gross Receipts Tax (including the overpaid executive administrative office tax imposed under Section 3303(g) of Article 33), shall each equal the lesser of:

(i) 25% of the applicable tax liability shown on the person or combined group's return for the tax year (or, if no return is filed, 25% of the person or combined group's actual tax liability for the tax year); or

(ii) 25% of the applicable tax liability shown on the person or combined group's return for the preceding tax year. If the person or combined group did not file a return for the preceding tax year and timely requested an extension under Section 6.9-4 of this Article 6 to file that return, the person or combined group's applicable tax liability for the preceding tax year for purposes of this subsection (c)(3)(C)(ii) shall be deemed to be the amount of any payment required under Section 6.9-4 as a condition of such extension. If the

person or combined group did not file a return for the preceding tax year and did not request an extension under Section 6.9-4 to file that return, the person or combined group shall be deemed to have filed a return showing no liability for purposes of this subsection (c)(3)(C)(ii), and no estimated tax payments of that tax shall be due for the current tax year.

* * * *

SEC. 6.9-4. EXTENSION OF TIME FOR FILING A RETURN AND PAYING TAX.

* * * *

(b) The following shall apply to tax years and tax periods beginning on or after January 1, 2025, and registration years beginning on or after April 1, 2026:

(1) For good cause, the Tax Collector, in the Tax Collector's discretion, may extend, for a period not to exceed 60 days, the time for filing any return, other than returns for the Business Registration Fee (Article 12), Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), Early Care and Education Commercial Rents Tax (Article 21), Vacancy Tax (Article 29), Empty Homes Tax (Article 29A), ~~*Cannabis Business Tax (Article 30),*~~ or Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)), pursuant to this Article 6 or regulations prescribed by the Tax Collector. For taxes required to be deposited monthly, or for the Sugary Drinks Distributor Tax (Article 8), the Tax Collector may only extend the time for filing a return for a period not to exceed 30 days. As a condition of the extensions under this subsection (b)(1), the person seeking the extension shall make a payment of not less than 100% of such person's liability for such period. Failure to make the required 100% payment will result in the automatic denial of the person's extension and the

person being subject to the standard due dates in this Article 6, including any penalties, interest, fees, and other consequences of failing to file and pay by those due dates.

(2) For returns of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), Early Care and Education Commercial Rents Tax (Article 21), Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), ~~*Cannabis Business Tax (Article 30),*~~ or Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)), persons may request from the Tax Collector an extension of time to file one or more such returns, which extension would extend the deadline to file such return to November 30 of the calendar year in which the return was originally due under Section 6.9-1 of this Article 6. As a condition of such extension, the person seeking the extension shall, by the original due date under Section 6.9-1 for filing the return, for each tax type, request the extension and make the Required Payment, and, by the November 30 extended deadline, file the return. An extension for the Gross Receipts Tax (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1) return shall also extend to November 30 the deadline to pay any Business Registration Fee liability in excess of the Required Payment necessary for the extension.

(3) For purposes of this subsection (b), the "Required Payment" means:

* * * *

(B) For an extension of an Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, ~~*Cannabis Business Tax,*~~ or Overpaid Executive Gross Receipts Tax return, a payment of not less than 110% of such person's liability, prior to the application of any payments, for each tax type for which an extension is being requested, as reported on the later of:

(i) Such person's original return for the tax year immediately preceding the tax year for which the extension is being requested; or

(ii) Such person's amended return, filed on or before the due date for the extension request, for the tax year immediately preceding the tax year for which the extension is being requested.

* * * *

SEC. 6.11-2. DEFICIENCY DETERMINATIONS; REVOCATION DETERMINATIONS; NOTICE AND SERVICE.

(a) Upon making a determination pursuant to Section 6.11-1 or Section 6.11-1.1, as applicable, or upon making a determination pursuant to Section 6.6-1 that a certificate shall not be issued or to revoke a registration, the Tax Collector shall give to the taxpayer or other person affected written notice of the Tax Collector's determination. Except in the case of fraud, intent to evade the Business and Tax Regulations Code or rules and regulations issued by the Tax Collector, or failure to file a return, in all of which cases there is no statute of limitations, every notice of a deficiency determination shall be served within three years after the date that a return was due for a tax for the reporting period or three years after the return was actually filed for that reporting period, whichever is later. The taxpayer may agree in writing to extend said period for service of a notice of a deficiency determination. For purposes of serving a notice of a deficiency determination under this Section 6.11-2, the date that a return was due shall be:

(1) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023, the due date of the return without regard to any extensions under Section 6.9-4;

(2) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for the taxes for the years and periods subject to subsection (a)(3) of this Section 6.11-2, the due date of the return including any extensions; or

(3) For the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), ~~*the Cannabis Business Tax (Article 30),*~~ and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026, November 30 of the calendar year in which the return for such respective tax was originally due.

* * * *

SEC. 6.14-1. VOLUNTARY DISCLOSURE PROGRAM; WAIVER OF TAX, PENALTIES, AND INTEREST.

(a) The Tax Collector may, in the Tax Collector's discretion, waive taxes, penalties, and interest subject to the common administrative provisions in this Article 6 of the Business and Tax Regulations Code, under a Voluntary Disclosure Program that conforms with the requirements of this Section 6.14-1.

(b) The Voluntary Disclosure Program shall apply to applications filed on or after *April 20, 2025,*~~*the effective date of the ordinance in Board File No. 241150 enacting this Section 6.14-1*~~ and on or before December 31, 2027.

(c) For purposes of this Section 6.14-1, a "Voluntary Disclosure Program" means a program offered by the Tax Collector that:

(1) Allows taxpayers that do not have a business registration certificate issued under Article 12 of the Business and Tax Regulations Code and that have not been previously contacted by the Tax Collector about unreported taxes or a failure to obtain a business registration certificate to voluntarily disclose their unreported back taxes to the Tax Collector. These taxpayers shall pay the taxes and interest as required in subsection (c)(2) in exchange for a waiver of the taxes, penalties, and/or interest, as applicable, under subsections (c)(3) and (c)(4);

(2) Requires those taxpayers to pay all applicable taxes and interest due and payable for the tax *and registration* years and tax periods within a lookback period consisting of:

(A) For taxes due and payable on an annual basis, the six tax *or registration* years immediately preceding the tax *or registration* year in which the voluntary disclosure application was made; or

(B) For taxes due and payable on other than an annual basis, the tax periods immediately preceding the tax period in which the voluntary disclosure application was made that in total comprise six years;

(3) With respect to the voluntarily disclosed tax liabilities for the tax *and registration* years and tax periods within the lookback period in subsection (c)(2), waives any penalties due and payable; and

(4) For the tax *and registration* years and tax periods prior to the lookback period in subsection (c)(2), waives taxes, penalties, and interest due and payable, but only with respect to the specific City taxes disclosed.

(d) The Tax Collector may impose procedural and other administrative requirements for a taxpayer to qualify for the waiver of the taxes, penalties, and/or interest, as applicable, under subsections (c)(3) and (c)(4) by publishing such requirements on the Tax Collector's website. Failure to satisfy such requirements shall render a taxpayer ineligible for such waiver.

SEC. 6.15-1. REFUNDS.

* * * *

(g) **Requests for Refund; Refunds Permissible Without a Claim.**

(1) The Tax Collector may authorize the Controller to refund tax, interest, or penalty payments, without a refund claim having been filed and without review by the City Attorney, if the Tax Collector determines that the amount paid exceeds the tax, penalties, and interest due.

(2) The person that made the overpayment may request such a refund from the Tax Collector on a return, amended return, or request for refund form that is issued by the Tax Collector and that is filed with the Tax Collector within the later of one year of:

(A) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023:

(i) the payment of such amount; or

(ii) the date the return accompanying such payment was due, without regard to any extensions under Section 6.9-4.

(B) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for requests for refund subject to subsection (g)(2)(C):

(i) the payment of such amount; or

(ii) the date the return accompanying such payment was due, including any extensions.

(C) For requests for refund of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), ~~*the Cannabis Business Tax (Article 30),*~~ and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for requests for refund of the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026:

(i) the payment of such amount; or

(ii) November 30 of the calendar year in which the return for such respective tax was originally due.

(3) The Tax Collector may also authorize the Controller to refund the overpaid tax, interest, or penalty payments on its own initiative within the one-year period in subsection (g)(2).

(4) A refund requested on a return, amended return, or request for refund form under this subsection (g) shall automatically be deemed denied for purposes of subsections (a), (b), and (d) of this Section 6.15-1 if the Tax Collector does not grant or deny the refund request within one year of the date it was filed. The Tax Collector may not grant a request for refund after this one-year period, and any action by the Tax Collector after a refund request under this subsection (g) has been deemed denied shall not constitute a denial and shall have no effect on the statute of limitations for filing a claim for refund under subsections (a)-(f) and (h) of this Section 6.15-1.

(5) In lieu of requesting a refund on a return, amended return, or request for refund form, a taxpayer may elect to apply an overpayment of the business registration fee in Article 12, the Gross Receipts Tax in Article 12-A-1 (including the tax on administrative office business activities under Section 953.8 of Article 12-A-1), the Sugary Drinks Distributor Tax in Article 8, the Early Care and Education Commercial Rents Tax in Article 21, the Homelessness Gross Receipts Tax in Article 28 (including the homelessness administrative office tax under Section 2804(d) of Article 28), ~~*the Cannabis Business Tax in Article 30,*~~ or the Overpaid Executive Gross Receipts Tax in Article 33 (including the tax on administrative office business activities under Section 3303(g)) as a credit against the taxpayer's immediately succeeding payment or payments due for tax years or periods ending on or before December 31, 2024, of the respective tax type, for up to one year. Any election to apply an overpayment to the taxpayer's future liability shall be binding and may not later be changed by the taxpayer.

(h) The date from which the deadline for filing a claim under subsection (a) of this Section 6.15-1 is determined and the date on which a claim shall be deemed to accrue under subsection (d) of this Section shall be the later of:

(1) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023:

(A) the payment of such amount;

(B) the date the return accompanying such payment was due, without regard to any extensions under Section 6.9-4; or

(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).

(2) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for claims for refund subject to subsection (h)(3):

(A) the payment of such amount;

(B) the date the return accompanying such payment was due, including any extensions; or

(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).

(3) For claims for refund of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), ~~*the Cannabis Business Tax (Article 30),*~~ and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for claims for refund of the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026:

(A) the payment of such amount;

(B) November 30 of the calendar year in which the return for such respective tax was originally due; or

(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).

SEC. 6.15-2. REFUNDS; INTEREST.

(a) Any amounts refunded prior to entry of a final judgment in a judicial proceeding shall bear interest at the rate for prejudgment interest on refunds of local taxes or fees provided by Section 3287(c) of the California Civil Code, as amended from time to time, and shall be computed from the date of payment to the date of refund.

(b) If the Controller offsets overpayments for a period or periods against another liability or liabilities currently owed to the City, or against penalties or interest on the other liability or liabilities currently owed to the City, the taxpayer will be credited with interest on the amount so applied at the rate of interest set forth above, computed from the date of payment.

(c) If a taxpayer elects to apply all or part of an overpayment of the business registration fee in Article 12, the Gross Receipts Tax in Article 12-A-1 (including the tax on administrative office business activities under Section 953.8 of Article 12-A-1), the Sugary Drinks Distributor Tax in Article 8, the Early Care and Education Commercial Rents Tax in Article 21, the Homelessness Gross Receipts Tax in Article 28 (including the homelessness administrative office tax under Section 2804(d) of Article 28), ~~*the Cannabis Business Tax in Article 30,*~~ or the Overpaid Executive Gross Receipts Tax in Article 33 (including the tax on administrative office business activities in Section 3303(g)) as a credit against the taxpayer's immediately succeeding payment or payments due for tax years or periods ending on or before December 31, 2024, of the respective tax type, the taxpayer will not be credited with interest on the amount so applied.

SEC. 6.17-1.1. PENALTIES AND INTEREST FOR FAILURE TO PAY.

(a) Any person who fails to pay, collect, or remit to the City any tax shown on a return or required to be shown on a return shall pay a penalty of 5% of the unpaid tax, if the failure is for not more than one month after the tax was due and unpaid, plus an additional 5% for each

following month or fraction of a month during which such failure continues, up to 25% in the aggregate, until the date of payment.

(b) Any person who fails to pay, collect, or remit to the City any tax shown on a return or required to be shown on a return shall also pay interest on the unpaid tax at the rate of 1% per month, or fraction of a month, from the date the taxes were due and unpaid through the date the person pays in full the delinquent taxes, penalties, interest, and fees accrued to the date of payment.

(c) No penalties or interest imposed by this Section 6.17-1.1 shall apply to the failure to make any estimated tax payments of Gross Receipts Taxes, Early Care and Education Commercial Rents Taxes, Homelessness Gross Receipts Taxes, ~~*Cannabis Business Taxes,*~~ or Overpaid Executive Gross Receipts Taxes under Section 6.9-1(c)(3).

(d) This Section 6.17-1.1 shall apply as follows:

(1) to all returns and payments for tax periods ending and taxable events occurring on or after January 1, 2021, except as provided in subsections (d)(2) and (d)(3) of this Section 6.17-1.1;

(2) to all returns and payments for registration years ending on or after July 1, 2021 with respect to the registration fee imposed under Section 855 of Article 12; and

(3) to all returns and payments for fiscal years ending on or after July 1, 2021 with respect to fees, assessments, and other charges subject to this Article 6 that are imposed on a fiscal year basis.

(e) For purposes of this Section 6.17-1.1, for registration years beginning on or after April 1, 2026, if the deadline for a person or combined group to file its Gross Receipts Tax return was extended under Section 6.9-4(b)(2) of this Article 6, the date the Business Registration Fee (Article 12) originally due on the same date as that Gross Receipts Tax return was due shall be November 30.

SEC. 6.25-1. ADVANCE DETERMINATIONS.

Subject to annual appropriations to cover its costs that exceed any fees charged, by June 30, 2025, the Tax Collector shall establish a program to provide advance determinations to taxpayers for the Business Registration Fee (Article 12), the Gross Receipts Tax (Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28), ~~*the Cannabis Business Tax (Article 30),*~~ and the Overpaid Executive Gross Receipts Tax (Article 33) (including any tax on administrative office business activities imposed under any of the foregoing) regarding: (a) the Business Activity Category for a particular business activity; (b) whether a person or combined group may use an alternative apportionment formula under Sections 957, 2108, 2807,~~ *3007,*~~ and 3306; and (c) any other issues that the Tax Collector, in the Tax Collector's sole discretion, deems appropriate. The Tax Collector shall have the sole discretion as to whether to issue an advance determination on any of (a) through (c) above to any particular request for an advance determination, and shall have sole discretion to determine the parameters of the program, but shall hold a public hearing and comment process to solicit feedback from taxpayers prior to establishing the program. The Tax Collector may charge a fee for requests for advance determinations to cover some or all of its costs of issuing such determinations.

Section 3. Effective Date; Retroactivity.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

(b) Upon the effective date of this ordinance, this ordinance shall be retroactive to January 1, 2026.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney
By: /s/
KERNE H. O. MATSUBARA
Deputy City Attorney

FILE NO. 250929

REVISED LEGISLATIVE DIGEST

(Amended in Committee, 12/3/2025)

[Business and Tax Regulations Code - Extending Suspension of Cannabis Business Tax]

Ordinance amending the Business and Tax Regulations Code to extend the suspension of the cannabis business tax, through December 31, 2035, and remove references to the cannabis business tax from the common administrative provisions of the Code.

Existing Law

At the November 2018 election, San Francisco voters approved the cannabis business tax, to be effective on January 1, 2021. The Board of Supervisors suspended imposition of the cannabis business tax since its inception through December 31, 2025.

Amendments to Current Law

Effective January 1, 2026, this ordinance would further suspend the cannabis business tax through December 31, 2035, and amend the common tax administrative provisions by removing references to the cannabis business tax.

These amendments include amendments made in committee on December 3, 2025 to extend the suspension of the cannabis business tax, through 2035, rather than repealing it.

Item 13 File 25-0929	Department: Treasurer-Tax Collector

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would repeal the cannabis business tax that is scheduled to take effect on January 1, 2026. It would also remove all related language from the Business and Tax Regulations Code by deleting Article 30.

Key Points

- Although recreational cannabis has been legal in California since 2018, the illicit market continues to account for the majority of cannabis supply statewide.
- San Francisco's total taxable cannabis sales fell by more than 25 percent from $261 million in 2021 to $191 million in 2024. The same trend persists statewide, with total taxable sales declining from about $5.8 billion to $4.9 billion in the same period, despite an increase in unit sales across product categories. According to a 2024 report prepared for the California Department of Cannabis Control, this trend is primarily driven by falling retail prices associated with the expansion of the licensed market.
- The Board of Supervisors suspended imposition of the Cannabis Business Tax through December 2025. In January 2026, cannabis businesses currently operating in San Francisco must pay an annual tax on cannabis gross receipts from one to five percent, with an exemption for the first $1 million of gross receipts and receipts from the retail sale of medical cannabis.

Fiscal Impact

- Repealing the Cannabis Business Tax would result in foregone General Fund revenues currently projected at approximately $24.8 million over a four-year period, from FY 2026–27 through FY 2029–30. Annual revenue losses are estimated at $3.7 million in FY 2026–27, $8.7 million in FY 2027–28, and $6.2 million in both FY 2028–29 and FY 2029–30.

Policy Consideration

- Lower cannabis retail prices have reduced sales revenue for licensed cannabis retailers while their overhead (such as staffing and leased space) have not declined. Without a local tax, the effective tax rate on cannabis retail sales (from the State excise tax and sales tax) in San Francisco is 25 percent, and cannabis retailers must also pay the City's Gross Receipts Tax of 0.1 to 1.0 percent. Repealing the Cannabis Business Tax would prevent an increase in the combined state and local tax burden on licensed cannabis retailers, which may support the competitiveness of the regulated market relative to the illicit market.

Recommendation

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

According to City Charter Section 2.105, all legislative acts shall be by ordinance and require the affirmative vote of at least a majority of the members of the Board of Supervisors.

BACKGROUND

In November 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), legalizing and regulating recreational cannabis for adults 21 and over in California. The 2017 Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) established a framework for oversight, licensing, and enforcement for cannabis businesses. Retail sales under this regime began on January 1, 2018.

Market Trends

According to the California Cannabis Market Outlook 2024 Report prepared by ERA Economics, LLC for the California Department of Cannabis Control (2024 ERA Economics Report), falling prices have reduced total taxable cannabis sales revenue despite rising unit sales. As Exhibit 1 shows, total taxable sales in the state fell from about $5.8 billion in 2021 to $4.9 billion in 2024, a decline of 15 percent. Simultaneously, unit sales increased across product categories, as seen in Appendix B.

Meanwhile, San Francisco's licensed market has mirrored statewide patterns with taxable sales declining, as visualized in Appendix C. Total taxable sales grew steadily through 2021 but have since fallen by more than 25 percent from $261 million in 2021 to $191 million in 2024.

Exhibit 1: Total Taxable Sales[1] (2018-2024)

Year	California	California % Change	San Francisco	San Francisco % Change
2018	$1,982,158,726		$180,136,649	
2019	2,805,025,867	42%	253,301,196	41%
2020	4,705,861,541	68%	259,957,380	3%
2021	5,777,356,812	23%	260,640,428	0%
2022	5,395,046,745	-7%	232,806,193	-11%
2023	5,188,399,664	-4%	216,067,560	-7%
2024	4,882,747,025	-6%	191,198,708	-12%
3-Year Change (2021-2024)	**-894,609,787**	**-15%**	**-69,441,720**	**-27%**

Source: California Department of Tax and Fee Administration

[1] CDTFA Total Taxable Sales includes sales of non-cannabis merchandise (e.g. pipes, rolling papers) and retail sales of medical cannabis

Wholesale and retail cannabis prices in California declined since 2020 due to the expansion of the licensed market. Between Q1 2020 and Q2 2024, the weighted average retail price of four leading product categories fell 36 percent, from $31.12 to $20.05 per unit, as shown in Appendix

A. Licensed cannabis production in California continued to rise through 2024, increasing supply and contributing to lower prices.

Although the licensed market has steadily expanded, with its share of statewide consumption rising from roughly 25 percent in 2019 to about 38 percent in 2024, unlicensed production still represents most of the supply. Ongoing activity in illicit markets continues to exert downward pressure on prices across states, which have experienced similar declines in wholesale prices, as shown in Appendix B.

State Tax Regime

California's cannabis tax system, administered by the California Department of Tax and Fee Administration (CDTFA), has shifted significantly since 2018, as shown in Exhibit 2 below.

In 2018, the State assessed both an excise tax on retail sales and a cultivation tax on harvested cannabis. The cultivation tax, which applied at different rates to flowers, leaves, and fresh plant material, was eliminated by AB 195 effective July 1, 2022. Although removing this tax lowered wholesale prices, the legislation simultaneously increased the excise tax to offset the lost revenue. Effective July 1, 2025, the excise tax rose from 15 percent of gross receipts to 19 percent of gross receipts, although AB 564 will temporarily reduce it back to 15 percent from October 1, 2025 through June 30, 2028.

Exhibit 2: California State Excise and Cultivation Taxes 2018-2025

Effective Date	**State Excise Tax** (Tax Rate x Base x Markup Rate[1])	**State Cultivation Tax per lb.** (Flower / Leaves / Fresh Plant)
Jan 1, 2018	15% x Average Market Price x 1.6	$9.25 / $2.75 / $1.29
Jan 1, 2020	15% x Average Market Price x 1.8	$9.65 / $2.87 / $1.35
Jan 1, 2022	15% x Average Market Price x 1.8	$10.08 / $3.00 / $1.41
Jul 1, 2022	15% x Average Market Price x 1.75	N/A
Jan 1, 2023	15% x Retailer's Gross Receipts	N/A
Jul 1, 2025	19% x Retailer's Gross Receipts	N/A
Oct 1, 2025	15% x Retailer's Gross Receipts	N/A

Source: CDTFA

[1] From 2018 through 2022, the excise tax was 15 percent of the average market price, defined as the wholesale cost for each product plus a mandatory state-determined markup. AB 195 eliminated the markup and applied the 15 percent excise tax directly to retailers' gross receipts rather than the average market price per unit, levied on the total amount including local taxes and fees.

The current excise tax is applied to retailers' gross receipts, including local cannabis taxes. Sales tax is assessed on the total amount, including the excise tax, creating a compounding effect of taxes on taxes. For example, a local tax on cannabis of five percent, the state excise tax of 15 percent, and a sales tax rate of 8.625 percent, results in an effective tax rate of approximately 31 percent on retail cannabis sales.

San Francisco Tax Regime

San Francisco local taxes have been approved but have not yet come into effect. In 2018, San Francisco voters approved Proposition D, the Cannabis Business Tax, which applies to activities directly related to cannabis or cannabis products including cultivation, possession, manufacture, processing, storing, labeling, distribution, or sale for consideration, including businesses that do not have a physical presence in the city. It establishes an annual tax on gross receipts from 1 to 5 percent, with an exemption for the first $1 million of gross receipts and receipts from the retail sale of medical cannabis. Exhibit 3 summarizes the Cannabis Business Tax Rates.

Exhibit 3: San Francisco Cannabis Business Tax Rates

Cannabis Business Activity	$0 to $1M	$1M to $1.5M	Over $1.5M
Medicinal Sales	exempt	exempt	exempt
Retail Sales	exempt	2.5%	5.0%
All Other Cannabis Sales	exempt	1.0%	1.5%

Source: Treasurer and Tax Collector
[1] Tax currently suspended through 2025

Although originally approved to take effect on January 1, 2021, the Board of Supervisors suspended imposition of the Cannabis Business Tax through December 2025 (Files 20-0357, 21-1150, and 22-1070). As a result, cannabis businesses currently operating in San Francisco will become subject to the Cannabis Business Tax on January 1, 2026 and the first collection of cash and recognition of revenue will occur in FY 2026-27.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends the Business and Tax Regulations Code to repeal the Cannabis Business Tax beginning on January 1, 2026, and remove references to the tax from the common administrative provisions of the Code. The proposed ordinance deletes Article 30 (Cannabis Business Tax) of the Business and Tax Regulations Code in its entirety.

FISCAL IMPACT

According to the March 2025 Budget Outlook Update, Cannabis tax revenues are projected to be around $6.2 million per year, which translates to estimated fiscal year collections of $3.7 million per year in FY 2026-27, $8.7 million in FY 2027-28, and $6.2 million in both FY 2028-29 and FY 2029-30. Therefore, the total foregone revenue through FY 2029-30 is projected to be $24.8 million.

We consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors because it would reduce General Fund revenues.

POLICY CONSIDERATION

Lower cannabis retail prices have reduced sales revenue for licensed cannabis retailers while their overhead (such as staffing and leased space) have not declined. Without a local tax, the effective tax rate on cannabis retail sales (from the State excise tax and sales tax) in San Francisco is 25 percent. Imposing a local tax rate of five percent would result in an effective tax rate of approximately 31 percent for cannabis business customers. Cannabis retailers must also pay the City's Gross Receipts Tax of 0.1 to 1 percent of gross receipts under Proposition M (2024). Cannabis sellers in the illicit market do not pay any taxes and can sell cannabis products at lower prices compared to licensed sellers.

Repealing the Cannabis Business Tax would prevent an increase in the combined state and local tax burden on licensed cannabis retailers, which may support the regulated market's price competitiveness and operating margins. By preventing an increase in the cost of legal purchases, the repeal could help licensed transactions remain more attractive to consumers relative to the illicit market. Lower legal cannabis prices may also lead to an overall increase in cannabis consumption.

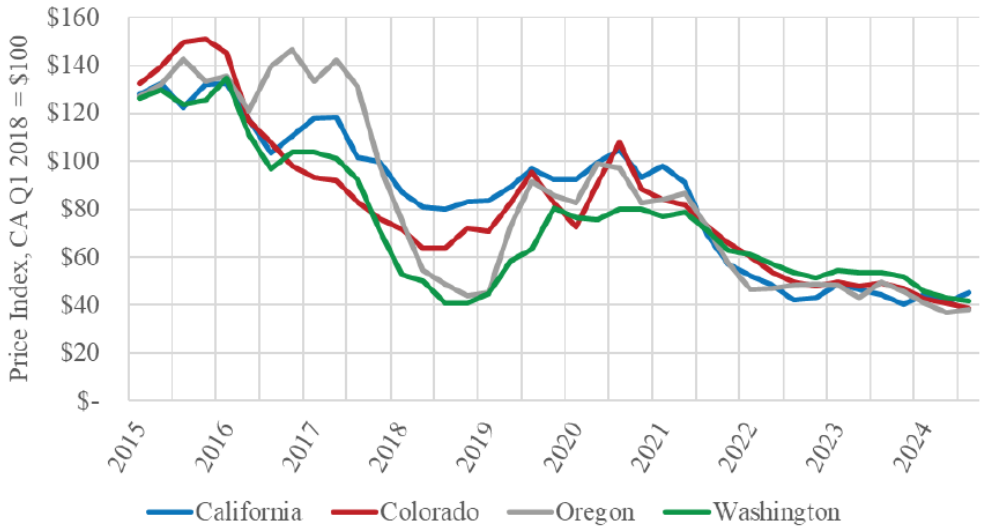
The proposed ordinance does not make any changes to the City's regulations regarding cannabis businesses, such as land use restrictions, required permits, and the pause on new retail permits through December 2027 (File 20-0144). Loosening these restrictions may also help expand the legal cannabis market in San Francisco, though doing so may also reduce the financial feasibility of existing cannabis businesses.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

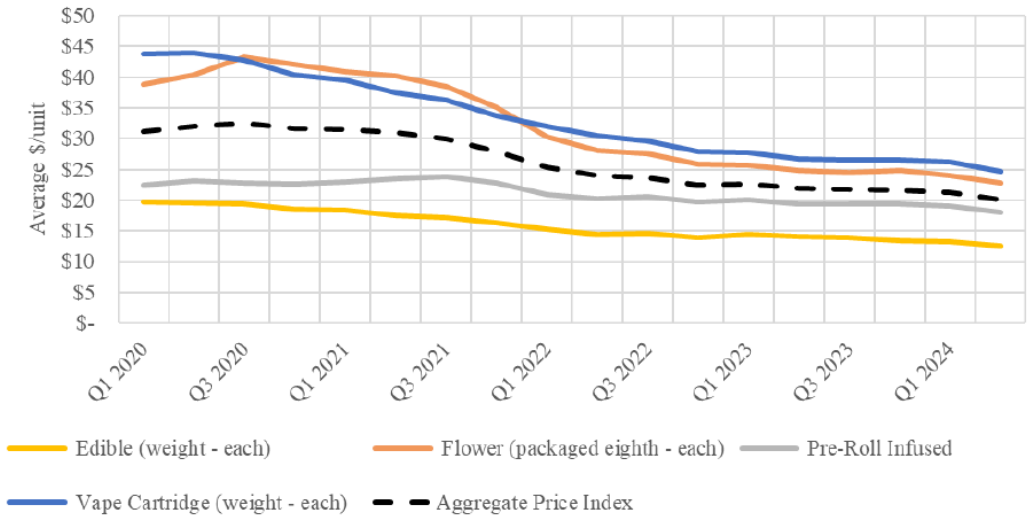
APPENDIX A: Statewide Wholesale and Retail Cannabis Prices Declining

Figure 10. Quarterly Wholesale Price Index (2018 = $100) by State, 2015–2024



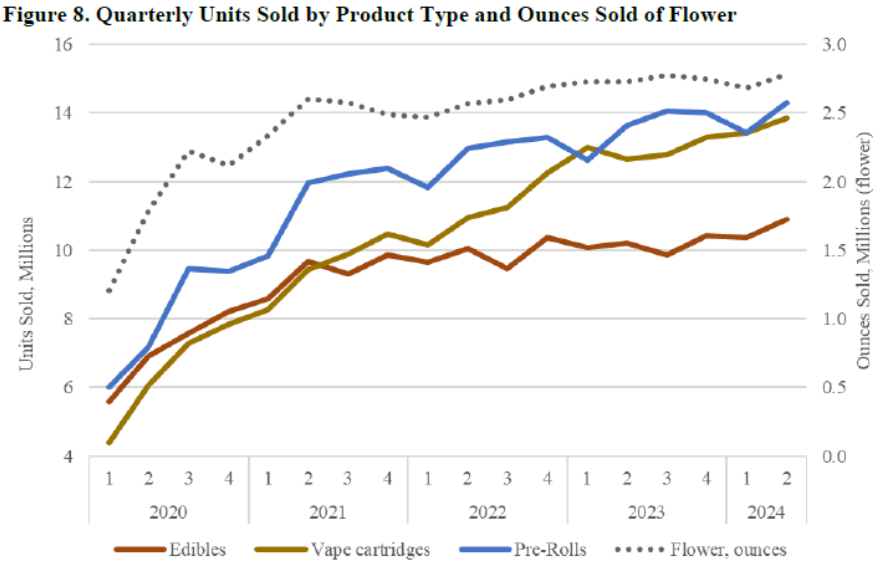
Note: Prices are inflation-adjusted and indexed with average prices in 2018 = $100; using Cannabis Benchmarks, CCTT data, and local wholesale price data.

Figure 11. Quarterly Retail Cannabis Prices



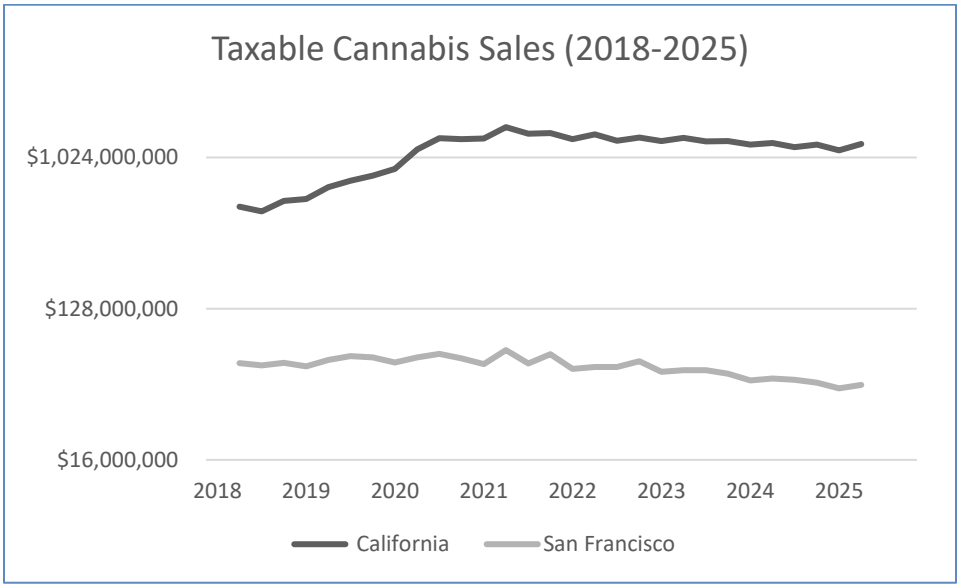
Source: California Cannabis Market Outlook 2024 Report

APPENDIX B: Quarterly Units Sold by Product Type and Ounce Sold of Flower in California



Source: California Cannabis Market Outlook 2024 Report

APPENDIX C: Taxable Cannabis Sales in California and San Francisco 2018-2025



Source: California Department of Tax and Fee Administration

From: Martin Horwitz
To: Board of Supervisors (BOS)
Subject: Repeal Cannabis Tax
Date: Tuesday, December 9, 2025 1:20:49 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Repeal the local cannabis tax!
Cannabis is taxed far more than both alcohol and tobacco, please vote for this repeal to bring a little more normalcy to cannabis taxation.

Martin A. Horwitz, Sunset, D4

From: Lynne A Preston
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR)
Subject: Repeal of the local cannabis tax
Date: Tuesday, December 9, 2025 12:45:22 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

- I support full repeal of the local cannabis tax (Bill #250929).
- Cannabis is medicine — most medications in California are **not taxed at all**.
- Cannabis is vastly overtaxed compared to alcohol and tobacco. In addition, cannabis businesses remain subject to federal Internal Revenue Code Section 280E, which prohibits the deduction of ordinary business expenses because cannabis remains illegal under federal law.
- When state taxes briefly increased this year, patients immediately suffered.
- Another tax will cause real harm — especially to seniors, disabled residents, and low-income patients. Cannabis tourism will also suffer.
- Higher taxes do not improve public safety. Licensed dispensaries rigorously check IDs, comply with testing requirements, and operate under strict security rules. Illicit operators do none of these things. When legal prices rise due to stacked taxes, consumers are pushed toward unregulated sources. That weakens enforcement, increases risk, and erodes the public-health protections the City has worked hard to establish.
- Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

Lynne Preston
344 Highland Ave.
SF, CA 94110

From: Kevin Reed
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR)
Subject: Urgent: A Personal Appeal to Reconsider the 5% Cannabis Tax (File #250929)
Date: Friday, December 5, 2025 12:40:00 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Members of the Board of Supervisors,

I am writing once again in my capacity as President and Founder of The Green Cross, and as someone who has served on both San Francisco's Medical Cannabis Task Force and the Cannabis State Legalization Task Force. I am urging you to reconsider the proposed 5% Cannabis Business Tax (File #250929), scheduled to take effect in January 2026.

The Cannabis Industry Is Already One of the Most Heavily Taxed in America

As we have emphasized throughout this process, cannabis businesses already operate under an unparalleled tax burden. State and local taxes on cannabis exceed those placed on alcohol, tobacco, and virtually every other consumer product. Patients already pay more for their medicine than they should, and layering an additional 5% tax on top of this will punish the very people who depend on cannabis as an essential form of relief.

Cannabis Is Medicine — A Personal Perspective

I want to share a personal note to illustrate just how vital cannabis is as a medication. When I was 18, I was in a car accident that injured my back, and I lived with that pain for over 25 years before doctors could finally fix it. During all that time, cannabis was the one thing that gave me relief and kept me from turning to addictive pain pills. Without cannabis, I might have ended up on a much darker path.

This isn't just a policy debate; it's about real people finding relief and living better lives. California does not tax other medicines. Yet cannabis — a soothing, essential medication for countless residents — is already taxed more heavily than virtually any other product. To consider taxing it even more should give us all pause. This is not just a financial matter — it is a moral one.

The Crushing Weight of 280E and a Punishing Tax Structure

For context, it's important to understand what it actually costs a regulated cannabis business to operate in San Francisco. Unlike every other legal industry, we are still subject to federal tax code section 280E, which prohibits us from deducting ordinary business expenses that any other business can write off. Because of 280E, regulated operators routinely face an effective federal tax rate of 40–60% on their income.

On top of that, we pay California's 15% excise tax, state income taxes, payroll taxes, and San

Francisco's standard business taxes. When all these layers are combined, legal operators in this city often lose 50–70 cents of every dollar to taxes before we can reinvest anything into staff wages, safety measures, community programs, or affordability for patients.

No small business can sustain this burden indefinitely — and yet we work tirelessly to remain compliant, transparent, safe, and accessible to the patients and consumers who rely on us. Adding or maintaining additional local taxes on top of an already overwhelming federal and state structure only pushes more people back into the illicit market and makes it harder for responsible, community-based operators to survive.

The Finance Committee Hearing Was Clear: Patients Will Suffer

At last Wednesday's Budget and Finance Committee hearing, dozens of patients and advocates testified about how devastating this tax would be for their health, stability, and access to care. Despite this, their lived experiences were largely absent from the committee's discussion. Their voices deserve to be heard, and the consequences of this tax deserve to be taken seriously.

The City Must Remember: Cannabis Businesses Are Still Federally Illegal

Some Board members have suggested that cannabis businesses received "special treatment" by being allowed to remain open during COVID-19. The truth is far more straightforward: we stayed open because cannabis is essential medicine, and people depended on us.

And because we are federally illegal, we received:

- no PPP loans
- no federal relief funds
- no PPE reimbursements
- no loan forgiveness
- no governmental safety net of any kind

We operated under extreme financial pressure to ensure patients retained access to their medication. Had we closed — even for a short time — it would have been catastrophic for safe and regulated cannabis access in San Francisco.

A Critical Moment for Compassion and Practicality

We understand that at least one Board member feels strongly about allowing this tax to take effect out of a belief that it will generate millions in revenue. But the reality does not support this assumption, because the tax will drive patients to the illicit market — and even if revenue were generated, those dollars would come directly from the pockets of patients, low-income residents, medical users, seniors, veterans, and people living with chronic pain or disability.

We are asking you to take a step back and see the real cost of this tax. The compassionate choice — and the practical choice — is to suspend or repeal it.

Thank you for your time, your consideration, and your commitment to the well-being of all San Franciscans.

Sincerely,

--
Kevin Reed
President & Founder, The Green Cross
Former Member, San Francisco Medical Cannabis Task Force
Former Member, San Francisco Cannabis State Legalization Task Force
4218 Mission Street
San Francisco, CA 94112

Mobile: 415.846.7671
Office: 415.648.4420
Fax: 415.431.2420
Email: KevinReed@TheGreenCross.org
Web: TheGreenCross.org

How Unfairly High Are Cannabis Taxes?

California's excise tax on cannabis increased to 19% on 7/1/2025.

AB 564 will roll taxes back.

TAKE ACTION:

California State Excise Tax Comparison Chart

SOURCES: Department of Cannabis Control, "Price Per Unit Report" and Legislative Analyst's Office, "Comparing Taxes on Cannabis to Taxes on Other Products in California"

California NORML

From: Kevin Reed
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR)
Subject: Re: Urgent: A Personal Appeal to Reconsider the 5% Cannabis Tax (File #250929)
Date: Saturday, December 6, 2025 6:05:13 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Subject: Follow-Up on File #250929 — Key Clarifications Before the Full Board Vote

Dear Members of the Board of Supervisors,

Thank you for the public hearing on File #250929 and for the time and attention you have devoted to this issue. After re-listening to the discussion and the public testimony, I want to offer a brief follow-up to address several themes raised during the hearing and clarify important points that deserve consideration before the full Board vote.

Recent public exchanges among members of the Board — including highly visible disagreements over this and related tax matters — show that this is not a settled or procedural issue. This is a consequential decision with real impacts on patients, workers, and small businesses, and it warrants careful consideration informed by the full context.

Revenue Projections vs. Real-World Outcomes

Much of the discussion centered on the belief that letting the 5% cannabis tax take effect would generate millions of dollars for the City over time. It is important to note that these figures are projections, not existing revenue currently being collected.

In practice, excessive taxation risks shrinking the legal cannabis market itself. When legal businesses downsize or close, the City does not simply gain 5% — it loses jobs, payroll taxes, commercial rent stability, business taxes, and related economic activity. At the same time, consumers are pushed into the illicit market, which contributes nothing to City revenues and increases enforcement costs. A tax that appears beneficial on paper can become revenue-negative in practice.

Fairness and the Unique Position of Cannabis Businesses

Questions were raised about fairness and whether cannabis should be treated differently from other struggling industries. The key distinction is that cannabis does not operate on equal footing with any other legal sector.

Cannabis businesses remain subject to **federal Internal Revenue Code Section 280E**, which prohibits the deduction of ordinary business expenses because cannabis remains illegal under federal law. This restriction is clearly outlined in the federal tax code itself:

26 U.S. Code § 280E (IRS / Cornell Law)
https://www.law.cornell.edu/uscode/text/26/280E

No restaurant, retailer, or service business in San Francisco is subjected to this restriction.

Combined with California's 15% excise tax, state income taxes, payroll taxes, and City business taxes, cannabis operators face an effective tax burden unlike any other industry.

What may appear to be preferential treatment is, in reality, an attempt to prevent further damage from a uniquely punitive tax structure.

Equity Funding: State Dollars, Not City Dollars

It is important to clarify the record regarding equity funding. San Francisco has already received **millions of dollars from state-collected cannabis tax revenues** specifically designated to support the City's Cannabis Equity Program. These funds originate from cannabis excise taxes collected by the State of California — not from San Francisco's general fund.

The California Department of Tax and Fee Administration publicly documents how cannabis tax revenues are collected and distributed to local jurisdictions, including for equity and local assistance programs:

California Department of Tax and Fee Administration — Cannabis Tax Allocation
https://www.cdtfa.ca.gov/industry/cannabis.htm

Those funds were intended to help equity operators survive in a highly regulated, capital-intensive industry through rent assistance, grants, fee waivers, and business support. In other words, the cannabis industry has already paid — at the state level — to support equity efforts.

Allowing additional local taxes to take effect while equity operators remain subject to federal 280E and stacked state taxes directly undermines the purpose of those state-provided funds. Over-taxation at the local level risks wiping out the very businesses those state dollars were meant to protect, turning public investment into preventable failure.

Public Safety, Youth Access, and the Illicit Market

Higher taxes do not improve public safety. Licensed dispensaries rigorously check IDs, comply with testing requirements, and operate under strict security rules. Illicit operators do none of these things.

When legal prices rise due to stacked taxes, consumers are pushed toward unregulated sources. That weakens enforcement, increases risk, and erodes the public-health protections the City has worked hard to establish.

Local Tax Structure and Voter Context

The City's voter-approved cannabis tax framework — including the suspended Cannabis Business Tax — is outlined by the San Francisco Treasurer & Tax Collector under Article 30 of the Business and Tax Regulations Code:

Maintaining or reinstating this tax without adjusting for the realities of stacked state taxes, federal 280E restrictions, and post-pandemic economic conditions risks producing outcomes voters never intended.

Closing

My previous letter focused on the medical, human, and economic realities faced by patients and operators. This follow-up is intended to respond directly to the fiscal, equity, fairness, and public-safety considerations raised during the hearing.

Given the lack of consensus, the volatility surrounding this discussion, and the far-reaching consequences of this decision, I respectfully urge you to pause before allowing this tax to take effect. Suspending or repealing it is not about granting special treatment — it is about preserving patient access, protecting jobs, honoring the intent of state equity funding, and sustaining a regulated system that works.

Thank you for your continued consideration and for your service to San Francisco.

Sincerely,
Kevin Reed
President & Founder, The Green Cross
Former Member, SF Medical Cannabis Task Force
Former Member, SF Cannabis State Legalization Task Force

On Fri, Dec 5, 2025 at 12:39 PM Kevin Reed <kevinreed@thegreencross.org> wrote:

> **Dear Members of the Board of Supervisors,**
>
> I am writing once again in my capacity as President and Founder of The Green Cross, and as someone who has served on both San Francisco's Medical Cannabis Task Force and the Cannabis State Legalization Task Force. I am urging you to reconsider the proposed 5% Cannabis Business Tax (File #250929), scheduled to take effect in January 2026.
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> ## The Cannabis Industry Is Already One of the Most Heavily Taxed in America
>
> As we have emphasized throughout this process, cannabis businesses already operate under an unparalleled tax burden. State and local taxes on cannabis exceed those placed on alcohol, tobacco, and virtually every other consumer product. Patients already pay more for their medicine than they should, and layering an additional 5% tax on top of this will punish the very people who depend on cannabis as an essential form of relief.
>
> ## Cannabis Is Medicine — A Personal Perspective
>
> I want to share a personal note to illustrate just how vital cannabis is as a medication. When I was 18, I was in a car accident that injured my back, and I lived with that pain for over 25 years before doctors could finally fix it. During all that time, cannabis was the one thing that gave me relief and kept me from turning to addictive pain pills. Without cannabis, I might have ended up on a much darker path.
>
> This isn't just a policy debate; it's about real people finding relief and living better lives. California does not tax other medicines. Yet cannabis — a soothing, essential medication for countless residents — is already taxed more heavily than virtually any other product. To consider taxing it even more should give us all pause. This is not just a financial matter — it

is a moral one.

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On top of that, we pay California's 15% excise tax, state income taxes, payroll taxes, and San Francisco's standard business taxes. When all these layers are combined, legal operators in this city often lose 50–70 cents of every dollar to taxes before we can reinvest anything into staff wages, safety measures, community programs, or affordability for patients.

No small business can sustain this burden indefinitely — and yet we work tirelessly to remain compliant, transparent, safe, and accessible to the patients and consumers who rely on us. Adding or maintaining additional local taxes on top of an already overwhelming federal and state structure only pushes more people back into the illicit market and makes it harder for responsible, community-based operators to survive.

The Finance Committee Hearing Was Clear: Patients Will Suffer

At last Wednesday's Budget and Finance Committee hearing, dozens of patients and advocates testified about how devastating this tax would be for their health, stability, and access to care. Despite this, their lived experiences were largely absent from the committee's discussion. Their voices deserve to be heard, and the consequences of this tax deserve to be taken seriously.

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We understand that at least one Board member feels strongly about allowing this tax to take effect out of a belief that it will generate millions in revenue. But the reality does not support this assumption, because the tax will drive patients to the illicit market — and even if revenue were generated, those dollars would come directly from the pockets of patients, low-income residents, medical users, seniors, veterans, and people living with chronic pain or disability.

We are asking you to take a step back and see the real cost of this tax. The compassionate choice — and the practical choice — is to suspend or repeal it.

Thank you for your time, your consideration, and your commitment to the well-being of all San Franciscans.

Sincerely,

--
Kevin Reed
President & Founder, The Green Cross
Former Member, San Francisco Medical Cannabis Task Force
Former Member, San Francisco Cannabis State Legalization Task Force
4218 Mission Street
San Francisco, CA 94112

Mobile: 415.846.7671
Office: 415.648.4420
Fax: 415.431.2420
Email: KevinReed@TheGreenCross.org
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Kevin Reed

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San Francisco, CA 94112

Mobile: 415.846.7671
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Fax: 415.431.2420
Email: KevinReed@TheGreenCross.org
Web: TheGreenCross.org

From: Cynthia Boedihardjo
To: Board of Supervisors (BOS)
Subject: Vote YES on File #250929 — Protect SF Patients
Date: Friday, December 5, 2025 3:08:44 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco Board of Supervisors:

My name is Cynthia Boedihardjo, and I am a San Francisco resident, small business owner and a longtime member of the Brownie Mary Democratic Club. I'm writing to support the full repeal of the local cannabis tax (File #250929).

Supervisors, cannabis is fundamentally a form of medicine, and treating it as a standard commodity for taxation is contrary to established public health principles. The vast majority of pharmaceutical and medical treatments in California are not subject to such burdens.

Our patients already face the highest tax rates in the nation. Imposing an additional tax will not only strain their resources but cause **tangible harm**, disproportionately affecting our most vulnerable residents: **seniors, disabled individuals, and low-income patients.**

I urge you to recognize this critical difference. Please vote **YES on the repeal** of the cannabis tax and protect the integrity of compassionate access here in San Francisco.

Thank you for your time and consideration.

Sincerely,

Cynthia Boedihardjo
Founder @ Wondership
415.712.5263 m

From: Joyce Cenali
To: Board of Supervisors (BOS)
Subject: SF resident asking - Vote YES on File #250929 — Protect SF Patients
Date: Friday, December 5, 2025 12:53:56 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco Board of Supervisors:

My name is Joyce Williams Cenali, and I am a 25 year San Francisco resident. I'm writing to support the full repeal of the local cannabis tax (File #250929).

Cannabis is medicine, and most medications in California are not taxed. Patients already struggle with the highest taxes in the country. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Please vote YES on repeal and protect compassionate access in San Francisco.

Thank you for your time and consideration.

Sincerely,
Joyce Williams Cenali

_____
Joyce Cenali
COO, *Sonoma Hills Farm*
Board Member, *Sonoma County Cannabis Alliance*
415.609.5251

Learn more about The Experience of Sonoma Hills Farm

****
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CANNABIS MEDIA COUNCIL
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From: Indigo Moonstar
To: Board of Supervisors (BOS); Mayor, MYR (MYR)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Tuesday, December 9, 2025 10:07:18 AM

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- I support full repeal of the local cannabis tax (Bill #250929).
- Cannabis is medicine — most medications in California are **not taxed at all**.
- Cannabis is vastly overtaxed compared to alcohol and tobacco. In addition, cannabis businesses remain subject to federal Internal Revenue Code Section 280E, which prohibits the deduction of ordinary business expenses because cannabis remains illegal under federal law.
- When state taxes briefly increased this year, patients immediately suffered.
- Another tax will cause real harm — especially to seniors, disabled residents, and low-income patients. Cannabis tourism will also suffer.
- Higher taxes do not improve public safety. Licensed dispensaries rigorously check IDs, comply with testing requirements, and operate under strict security rules. Illicit operators do none of these things. When legal prices rise due to stacked taxes, consumers are pushed toward unregulated sources. That weakens enforcement, increases risk, and erodes the public-health protections the City has worked hard to establish.
- Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

--
Ryan Indigo Warman, Ph.D.
==========

From: Indigo Moonstar
To: Board of Supervisors (BOS)
Subject: Vote YES on File #250929 — Protect SF Patients
Date: Tuesday, December 9, 2025 10:05:05 AM

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Dear San Francisco Board of Supervisors:

My name is Dr. Ryan Indigo Warman, I am a native-born San Francisco resident and a longtime member of the Brownie Mary Democratic Club, and the National Organization for the Reform of Marijuana Laws (NORML).

I'm writing to support the full repeal of the local cannabis tax (File #250929).

Cannabis is medicine, and most medications in California are not taxed. Patients already struggle with the highest taxes in the country. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients.

Please vote YES on repeal and protect compassionate access in San Francisco.

Additionally, this tax will cost San Franciscan jobs. Our industry doesn't outsource—every job and every dollar earned here stays here.

When voters passed Prop M to eliminate gross-receipts taxes for small businesses, it's hard to believe they intended to leave cannabis behind.

Our industry is still struggling. Affordability challenges for patients and consumers are at an all-time high, and now is not the time to enforce an additional tax.

Thank you for your time and consideration.

Sincerely,

Ryan Indigo Warman, Ph.D.

From: Eric Quan
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR); Fielder, Jackie (BOS); Mandelman, Rafael (BOS)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Monday, December 8, 2025 5:59:55 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello,
My name is Eric Quan, and I live on the border of District 8 and District 9, and I manage a neighborhood dispensary in District 8, The Flore Store. I am sending write to help share some personal and professional insight from a resident and as a business operator within this fine city.

Our goal, which was envisioned by the late Terrance Alan, is to be able to offer quality yet affordable care in a safe place to the residents of our community, all while supporting the small farmers who paved the way for all the brands we see today. We offer highly beneficial options for pain relief, anxiety, insomnia and other ailments to a community filled with diverse members. Time and time again we see our community get discouraged by the increase in taxes. Costs of operations are already high due to the nature of our business, and we have seen a steady decrease in sales due to costs of living going up. I fear with an additional increase in taxes, it will send more people back to looking for ways to purchase products on the streets, creating potentially dangerous situations and increasing crime rates.

Terrance fought for years to bring his vision to reality, and as the general manager of his legacy store, I want to carry out his compassionate vision and continue his passion for a plant that has helped so many. We tragically lost Terrance just over a month ago, and are actively trying to keep his legacy alive as a safe place.

We love our community and our city, and want to help both the people and the government. Help us help everyone by voting YES on Bill 250929

- I support full repeal of the local cannabis tax (Bill #250929).
- Cannabis is medicine — most medications in California are **not taxed at all**.
- Cannabis is vastly overtaxed compared to alcohol and tobacco. In addition, cannabis businesses remain subject to federal Internal Revenue Code Section 280E, which prohibits the deduction of ordinary business expenses because cannabis remains illegal under federal law.
- When state taxes briefly increased this year, patients immediately suffered.
- Another tax will cause real harm — especially to seniors, disabled residents, and low-income patients. Cannabis tourism will also suffer.
- Higher taxes do not improve public safety. Licensed dispensaries rigorously check IDs, comply with testing requirements, and operate under strict security rules. Illicit operators do none of these things. When legal prices rise due to stacked taxes, consumers are pushed toward unregulated sources. That weakens enforcement, increases risk, and erodes the public-health protections the City has worked hard to establish.

Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

I send my sincerest regards, and hope one day to meet with you all to share more insight on an industry that has so much more to offer than just recreational use.

Thank you for your time,
Eric
General Manager
The Flore Store
258 Noe St. San Francisco, CA 94114

From: Ashley Hazel
To: Board of Supervisors (BOS)
Subject: Please vote yes to repeal the local cannabis tax (#250929)
Date: Monday, December 8, 2025 5:03:08 PM

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Dear San Francisco Board of Supervisors:

My name is Ashley Hazel, and I am a San Francisco resident, and I'm writing to support the full repeal of the local cannabis tax (File #250929).

Like other medications, cannabis should not be taxed. Many people rely on cannabis to heal symptoms and conditions that cannot be managed by other medicines or therapeutics. Additional taxes on cannabis will harm the most vulnerable sectors of our population, especially to seniors, veterans, disabled residents, and low-income patients. I support my district supervisor, Mandelman, in his authorship to repeal this tax. I urge you to vote YES on repeal and protect compassionate access in San Francisco.

Thank you very much,
Ashley Hazel

From: Charles Bush
To: Board of Supervisors (BOS); Mayor, MYR (MYR); Sherrill, Stephen (BOS)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Monday, December 8, 2025 4:53:50 PM

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Greetings,

Please vote YES on Bill #250929. Cannabis is medicine and this tax will hurt patients and small businesses. Support the repeal. Thank you.

Charles Bush

2673 Pine Street (District 2)

From: David Hua
To: Board of Supervisors (BOS); Mayor, MYR (MYR)
Cc: Meadow Care
Subject: Urgent: A Personal Appeal to Reconsider the 5% Cannabis Tax (File #250929)
Date: Monday, December 8, 2025 4:08:06 PM

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Dear Members of the San Francisco Board of Supervisors,

Thank you for your time and for holding a public hearing on File #250929. As a San Francisco Founder who has spent more than a decade building compliant software for dispensaries and delivery operators across California—and as someone who works closely with independent operators, equity businesses, medical patients, and community-based organizations throughout this city—I am urging you to suspend or repeal the 5% Cannabis Business Tax currently scheduled to take effect in January 2026.

I'm writing not just as the CEO of a company serving licensed operators statewide, but as someone who has seen firsthand how policies land on real people: patients trying to afford their medicine, small-business owners trying to stay compliant, and workers trying to build stable lives in one of the most expensive cities in the country.

Cannabis Is Already One of the Most Heavily Taxed Industries in America

The City has heard this before, but it cannot be overstated: no other legal consumer industry in the United States operates under a tax structure this punitive.
Cannabis businesses are already paying:
• California's 15% excise tax
• State income tax
• Payroll taxes
• San Francisco business taxes
• Compliance costs unique to a federally illegal industry
• And unlike every other legal industry, federal tax code 280E prohibits them from deducting ordinary business expenses

Because of 280E, many operators face effective federal tax rates of 40–60%. Layer all the state and local taxes on top of that, and legal operators routinely lose 50–70 cents of every dollar before reinvesting anything into wages, community programs, or patient affordability.

No small business—not restaurants, not retailers, not neighborhood service providers—could survive that structure indefinitely. And yet cannabis operators continue to show up, comply, and serve patients because they believe in the purpose of this work.

Adding another 5% local tax on top of this stack isn't just burdensome; it's destabilizing.

Cannabis Is Medicine: Patients Will Carry the Cost

I want to underscore a point made repeatedly during public comment: cannabis is medicine for

thousands of residents, including seniors, veterans, people with disabilities, chronic pain patients, and those managing cancer, PTSD, or opioid recovery.

Unlike other medicines—which California does not tax—cannabis is already taxed more heavily than almost any consumer product. Adding another tax does not make the system more fair; it makes it less compassionate.

At the Finance Committee hearing, dozens of patients testified about how another 5% would harm them. Their experiences were largely absent from the committee discussion. Their voices deserve to be part of this decision.

The Assumption of Significant Revenue Gains Is Misaligned With Reality

One of the themes of the committee hearing was the belief that San Francisco will gain meaningful revenue if this tax takes effect. This assumption doesn't match what happens on the ground.

When taxes exceed what the legal market can bear:
• Legal operators shrink or close
• The City loses payroll taxes, jobs, commercial stability, and business taxes
• Consumers migrate to the illicit market, which pays nothing to the City
• Enforcement costs go up, not down

A tax can look beneficial on paper and still be revenue-negative in practice.

Cannabis Businesses Do Not Operate on a Level Playing Field With Any Other Industry

Discussions about "fairness" only make sense when the comparison is fair.

Cannabis operators are the only businesses in the city subject to 26 U.S. Code § 280E, which explicitly bars them from deducting normal business expenses because cannabis remains federally illegal.

No restaurant, bar, retail shop, or hospitality business in San Francisco operates under that restriction. What may look like "special treatment" is really an attempt to offset a structural disadvantage no other industry faces.

Equity Operators Have Already Been Funded Through State Cannabis Taxes—Not Local Dollars

Another key point: San Francisco has already received millions in state cannabis tax revenue earmarked for the Cannabis Equity Program. These dollars come from statewide excise taxes —not the City's general fund—and are publicly documented by CDTFA.

These funds are meant to help equity operators survive high regulatory costs and systemic barriers.

If the City imposes additional taxes that push these same operators out of business, then the equity dollars already invested are effectively wasted. That is the opposite of what voters and legislators intended.

Higher Taxes Hurt Public Safety and Youth Prevention

Legal dispensaries:
• check IDs
• test products
• comply with stringent security rules
• track every gram from seed to sale

Illicit dealers do none of this.

When legal prices rise due to taxes, consumers—especially budget-constrained patients—turn to unregulated sources. That weakens youth protections, strengthens illicit networks, and reduces the city's regulatory leverage.

This tax does not increase safety; it undermines it.

Context Matters: Cannabis Companies Received No Federal Relief

During the hearing, some comments implied cannabis businesses received special treatment during COVID by being allowed to stay open. The truth is the opposite.

Because cannabis is federally illegal, operators received:
• no PPP loans
• no federal relief funds
• no PPE reimbursements
• no loan forgiveness
• no safety net of any kind

They remained open because cannabis is essential medicine and because patients depended on them—not because they were protected.

A Moment for Clarity, Compassion, and Practicality

Even members of the Board disagree about this issue, which underscores how consequential it is. This is not a procedural vote; it is a decision that will affect:
• patient access
• small businesses
• equity operators
• workers
• and the shape of San Francisco's regulated cannabis marketplace

If the goal is to preserve access, uphold equity, maintain public safety, and support legal operators over illicit ones, then allowing this tax to take effect works against all of those priorities.

The compassionate choice—and the economically sound one—is to suspend or repeal the cannabis business tax.

Thank you for your time, your attention, and your service to our city. I appreciate your consideration and the responsibility you hold in shaping a sustainable, equitable future for San

Francisco’s cannabis ecosystem.

Sincerely,
David Hua

David Hua
Founder, CEO

415.212.8985
hua@getmeadow.com
connect on LinkedIn

getmeadow.com

60 13th Street
San Francisco, CA 94103

From: Lara DeCaro
To: Board of Supervisors (BOS)
Subject: Please Vote YES on File #250929 — Protect SF Patients
Date: Monday, December 8, 2025 3:20:46 PM

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Dear Supervisors:

I was raised in the City--a Larkin Street Youth success story--and have lived and practiced law in D3 since 2000. Growing up in the '80's, I saw much of the devastation caused by AIDS and HIV, and the relief brought by cannabis. This IS medicine for many people and we should not forget that. However, unlike all other medicines, we have capitulated to a tax on cannabis.

In addition, the calculation of the tax leads to significantly higher prices for patients and adult-use consumers alike. The tax is calculated to take the product sales price, add delivery fees and local taxes, then impose the state cannabis excise tax on that subtotal, then impose the state sales tax on that subtotal. So, the local tax is actually taxed TWICE by the state, exponentially increasing the purchase price at the register.

According to the State Department of Cannabis Control, the illicit market accounts for over 60% of all sales and, according to the CDTFA, cannabis tax revenue has fallen by over 11% over the past year. The regulated market cannot carry the burden of additional costs in a market where most people can find an unregulated supply.

Higher taxes are not equalling higher revenue. Please vote YES on the repeal or suspension of the SF Cannabis Tax.

Respectfully,
Lara

Lara L. DeCaro
bond

Get Involved:

- *Have you heard about the International Cannabis Bar Association? Check us out and use my last name for a 20% discount on membership and events.*
- *Join the BASF Cannabis, Alcohol, & Psychedelics Section cannabis social equity pro bono panel we started.*
- *Check out the free cannabis SAFE (Simple Agreement for Future Equity) we helped Meadow write.*

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From: David Romano
To: Board of Supervisors (BOS)
Cc: Lurie, Daniel (MYR)
Subject: YES on Bill #250929 to repeal the local cannabis tax
Date: Monday, December 8, 2025 12:17:51 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors:

I live in San Francisco and I'm asking you to vote YES on Bill #250929 to repeal the local cannabis tax. Cannabis is medicine, and adding another tax will harm patients, push people to the illicit market, and hurt small community dispensaries. Please support this repeal — no more taxes on cannabis medicine.

Sincerely,

David Romano
San Francisco CA 94121

From: MCAGiraffe
To: Board of Supervisors (BOS); Mayor, MYR (MYR); Chan, Connie (BOS); Sherrill, Stephen (BOS); Sauter, Danny (BOS); Mahmood, Bilal (BOS); Dorsey, Matt (BOS); Melgar, Myrna (BOS); Mandelman, Rafael (BOS); Fielder, Jackie (BOS); Walton, Shamann (BOS); Chen, Chyanne (BOS)
Subject: Support Repeal of the Local Cannabis Business Tax (File#250929)
Date: Monday, December 8, 2025 11:07:34 AM

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December 8, 2025

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Re: Support Repeal of the Local Cannabis Business Tax (File #250929)

We are Michelle and Michael Aldrich, longtime San Francisco residents and advocates, who have devoted more than fifty years to ensuring that patients have safe, compassionate, and affordable access to cannabis. We have spent our lives working alongside community members, patients, caregivers, and policymakers to build the system San Francisco is known for today — one grounded in dignity, health, and harm reduction.

We are writing to urge you to support File #250929 and prevent the delayed 5% local Cannabis Business Tax from taking effect on January 1, 2026.

The Cannabis Industry is the most overtaxed consumer product/medicine in the United States.

First, there is the Feds with 280E which does not allow deductions for rent, salaries or anything else that is used to operate the entity. This can take 40-60% of the revenue that is taken in.

Second is the state's 15% excise tax and the other taxes that the state adds on to any consumer product and

Third there are all the local taxes that the city adds on to any business. 50-70 cents out of every dollar goes to taxes.

Just adding more taxes will not bring in more revenue it will just increase the chance of one or more of the cannabis operators in the city will go out of business or reduce staff which will hurt the city in the long run.

Overtaxation leads to higher prices for consumers, fewer jobs with lower wages and reduced profitability which will actually mean less taxes collected.

If you don't implement this measure the tax will only backfire on the intent of the measure.

Please vote yes on #250929….

Love, peace and health,

Michelle Aldrich

Michael Aldrich

Longtime Cannabis Advocates & Community Elders

From: Hunter Oatman-Stanford
To: Dorsey, Matt (BOS); Board of Supervisors (BOS)
Subject: Vote YES on File #250929 — Protect SF Patients
Date: Sunday, December 7, 2025 3:33:01 PM

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Dear San Francisco Board of Supervisors:

My name is Hunter Oatman-Stanford, and I am a longtime San Francisco resident of District 6. I'm writing to support the full repeal of the local cannabis tax (File #250929).

I use cannabis products for recurring injuries and muscle pain. Cannabis is medicine, and most medications in California are not taxed. Patients already struggle with the highest taxes in the country. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Please vote YES on repeal and protect compassionate access in San Francisco.

Thank you for your time and consideration.

Sincerely,
Hunter Oatman-Stanford

From: Darren Story
To: Board of Supervisors (BOS)
Subject: Cannabis Tax repeal
Date: Sunday, December 7, 2025 2:42:15 PM

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Dear San Francisco Board of Supervisors:

My name is Darren Story, and I live/work in the Miraloma area of San Francisco. I'm writing to support the full repeal of the local cannabis tax (File #250929).

This tax will cost San Franciscan jobs. Our industry doesn't outsource—every job and every dollar earned here stays here. When voters passed Prop M to eliminate gross-receipts taxes for small businesses, it's hard to believe they intended to leave cannabis behind. Our industry is still struggling. Affordability challenges for patients and consumers are at an all-time high, and now is not the time to enforce an additional tax.

Please be sensible and repeal all cannabis taxes!

Sincerely,

Darren Story
Strong Agronomy - Coastal Brands
Healthy Plants Heal Humans
(415) 609.7482

From: Indyana Davis
To: Board of Supervisors (BOS)
Subject: Please Vote YES on File #250929 and Protect Equity Operators
Date: Saturday, December 6, 2025 11:11:14 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Members of the Board of Supervisors,

My name is **Indyana Davis**. I am a San Francisco resident, small-business owner, and equity applicant in **District 3**, represented by Supervisor Danny Sauter. I am also a longtime medical cannabis patient living with a seizure disorder. I testified before you at the December 3 Budget and Finance Committee hearing on **File #250929**, and I am writing to thank you for advancing this item and to urge the full Board to support it.

Fair Chance brought me to San Francisco cannabis policy may force me out

I moved to San Francisco from a small town in Shelby County, Alabama, because of this city's **Fair Chance Ordinance**. I had a college degree and a cannabis conviction, and I had effectively been written off by employers. San Francisco promised that my skills and potential would matter more than my past.

That promise changed my life. I was hired by Yelp, advanced my career in the tech industry, and was later relocated to Pennsylvania to help build a startup within the company. I eventually returned to San Francisco and founded my own tech recruiting firm. Today, I work directly with founders in AI and health-tech, helping deploy millions of dollars in payroll and build teams right here in this city.

Now, the same city that gave me a fair chance is on the verge of closing the door on the equity opportunity I moved here to pursue by allowing a 5% local cannabis tax to take effect in a market that is already collapsing.

An equity applicant $80,000 in before ever opening the doors

I am an equity applicant who has spent **over $80,000** across several years simply to hold and maintain a compliant commercial space. I waited nearly a decade just to be eligible to apply, and I am still not allowed to operate because of the length and complexity of the process.

This is all happening while everyone agrees the market is in crisis. Legal operators are closing, tax delinquencies are increasing, and the illicit market continues to thrive. I am not a corporate chain. I am a **Black woman-owned, San Francisco-based small business** trying to build something compliant, sustainable, and community-oriented.

A 5% local cannabis tax doesn't shrink my margin; it makes the math impossible before I ever open my doors.

Already double- and triple-taxed, unlike any other industry

I have followed San Francisco's cannabis tax policy closely. Between July and September of this year, the state cannabis excise tax rose from 15% to 19% before AB 564 rolled it back. Even at 15%, a single cannabis pre-roll carries more than a dollar in state excise tax, while comparable servings of alcohol or tobacco are taxed in pennies.

On top of that:

- **Federal tax code Section 280E** still prohibits cannabis businesses from deducting ordinary business expenses.
- I would also pay state income and payroll taxes, as well as San Francisco's standard business and gross-receipts taxes.
- If a cannabis business falls behind on state taxes, the CDTFA can impose a **10% late penalty**, a **mandatory 50% penalty** on unpaid excise tax, plus interest.

This is why so many legal cannabis businesses are already shutting down or in default. The problem is not that cannabis is undertaxed; it is that it is taxed and penalized in ways no other legal industry is. A 5% local tax does not create stable city revenue; it accelerates closures and pushes consumers back to the illicit market, which pays no taxes and undermines public health.

A note on the December 3 hearing

At the December 3 hearing, I used my two minutes of public comment to explain how Fair Chance changed my life, what cannabis means for my health, and what is at stake for my delivery business. While I spoke, it appeared that Supervisor Chan, who was chairing, was focused on her phone. Later reporting confirmed that she was texting another Supervisor during the hearing.

I share this not in anger, but to illustrate how easily patients and small operators can feel invisible in this process. To Supervisor Chan's credit, she came over after the hearing, thanked us for being there, and took time to speak with us. I appreciated that gesture and would welcome the opportunity to work with her, my District 3 office, and the full Board on solutions that stabilize rather than weaken the legal market.

What I am respectfully asking you to do

Because of all of the above, I respectfully ask you to:

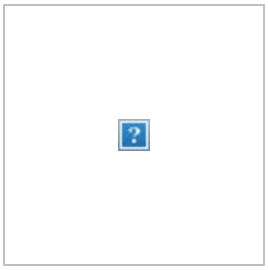
- **Uphold and build on the Budget and Finance Committee's December 3 action** by voting **YES on File #250929**, as amended, to extend the suspension of the Cannabis Business Tax through 2035 so that the 5% local tax does not automatically take effect in 2026; and
- In the longer term, work with state partners to eliminate the local cannabis business tax altogether and reform the broader tax and penalty structure that currently makes legal compliance financially impossible for many operators.

San Francisco gave me a fair chance once. I am asking you not to take it away now.

Warmly,

Indyana Davis
CEO
Indo Nation

305-632-8901
indyana@indonationsf.com



From: Julie Tran
To: Board of Supervisors (BOS); Dorsey, Matt (BOS)
Subject: Vote YES on File #250929 — Protect SF Patients
Date: Saturday, December 6, 2025 9:44:09 AM

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Dear San Francisco Board of Supervisors:

My name is Julie Tran, and I live and work in San Francisco. I'm writing to support the full repeal of the local cannabis tax (File #250929).

This tax will cost San Franciscan jobs. Our industry doesn't outsource—every job and every dollar earned here stays here. When voters passed Prop M to eliminate gross-receipts taxes for small businesses, it's hard to believe they intended to leave cannabis behind. Our industry is still struggling. Affordability challenges for patients and consumers are at an all-time high, and now is not the time to enforce an additional tax.

Sincerely,

Be excellent to each other,
Julie Tran
Co-Founder | Elefante Inc | jt@elefanteinc.com | 832.969.8191

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From: maximo de leon
To: Board of Supervisors (BOS)
Subject: A Frontline View on File #250929
Date: Saturday, December 6, 2025 9:30:33 AM

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Dear Members of the Board of Supervisors,

My name is **Maximo De Leon**, and I've been a budtender at **The Green Cross** since **March 6, 2014**. I live in San Francisco at **113 Stoneridge Ln, San Francisco, CA 94134**, and I'm writing because I see firsthand what decisions like this mean for real people.

Every day at work, I help patients who are sick, in pain, elderly, living on fixed incomes, or just trying to manage a medical condition enough to get through their day. These are not casual or luxury purchases for them. Cannabis is their medicine — whether it's for chronic pain, cancer symptoms, anxiety, PTSD, appetite, sleep, or mobility. Some don't even realize they're using it as medicine anymore because it's simply how they survive.

Over the last few years, I've had more and more difficult conversations with patients about prices. I hear the same thing daily: *"I can't afford what I used to,"* or *"I have to skip this week,"* or *"What's cheaper that will still help?"*These aren't people shopping recreationally — these are people choosing between their relief and their rent.

That is why I am writing today in direct opposition to File #250929 and any action that would allow a 5% cannabis tax to take effect.

Many of them already feel pushed to the breaking point because cannabis is taxed more than almost any other product, even though California doesn't tax other medicines. They don't understand why something that helps them function is treated differently, and honestly, neither do I. When prices rise, I don't just see frustration — I see fear, stress, and people quietly giving up.

I also know that cannabis businesses are still federally illegal and punished by IRS Section 280E, which means the dispensary I work for can't deduct normal business expenses like any other business. That burden doesn't come from mismanagement or greed — it comes from laws that treat this industry differently at every level. When you add state excise taxes, payroll taxes, city business taxes, and then talk about adding another 5%, that pressure rolls downhill to the people standing at the counter and the patients standing in front of us.

I've watched patients tell me they're going back to unregulated sources because they simply can't afford legal prices anymore. Those sellers don't check IDs, don't test products, and don't answer questions the way we do. That scares me — as someone who actually cares about safety — far more than any hypothetical revenue projections.

I understand that San Francisco has budget needs. But I also know the City has already received **millions of dollars in state-collected cannabis tax revenue**, and those funds were meant to support programs like equity and community stability — not to be followed by additional taxes that make survival impossible for the legal market.

I'm not writing as a politician or an economist. I'm writing as someone who has spent over a decade helping people find relief, answering their questions, and watching them struggle more each year as costs rise. A 5% increase may sound small on paper, but to the people I serve, it can mean the difference between getting relief and going without.

Please understand that this decision will directly affect the people you rarely see in hearings: the patients who sit quietly, the seniors who count dollars carefully, and the workers like me who are trying to do right by them every day.

I respectfully ask you to vote **in favor of suspending or repealing the tax under File #250929** and to protect access to affordable, regulated cannabis for the people who depend on it.

Thank you for your time and for listening.

Sincerely,
Maximo De Leon
Budtender, The Green Cross
San Francisco Resident

Get Outlook for iOS

From: Tony Bowles
To: Board of Supervisors (BOS)
Subject: Support for the full repeal of the local cannabis tax!
Date: Tuesday, December 9, 2025 11:53:35 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco Board of Supervisors,

My name is Tony Bowles, and I serve as Chair of the Bay Area Chapter of Americans for Safe Access, the largest national organization of patients, medical professionals, scientists, providers, and concerned citizens dedicated to promoting safe and legal access to cannabis for therapeutic use and research. I am writing to urge your support for the full repeal of the local cannabis tax (File #250929).

Cannabis is medicine, and most medications in California are not taxed. Patients are already burdened by some of the highest cannabis taxes in the country. Adding or maintaining additional taxes will cause real harm—especially to seniors, disabled residents, and low-income patients who rely on cannabis for their health and quality of life.

Please vote YES on repeal and protect compassionate access in San Francisco.

Thank you for your time and consideration.

Sincerely,
Tony Bowles
202-509-6119

From:	Jessica
To:	Board of Supervisors (BOS)
Cc:	Mayor, MYR (MYR)
Subject:	Vote YES on Bill #250929 — Protect SF Patients
Date:	Wednesday, November 26, 2025 9:12:31 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi, my name is Jess and I live in District 5. I'm writing to ask the Supervisor to vote YES on Bill #250929. Cannabis is medicine, most medications in CA are not taxed at all, and this tax increase will hurt patients and the small businesses we rely on. Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

Thank you.

-Jessica

From: John Delaplane
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Wednesday, November 26, 2025 12:37:16 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Greetings Honorable Supervisors and Mayor Lurie,

My name is John Delaplane and I am 20+ year SF Resident. I am also a voting father of two in District 5. My son attends SFUSD.

I support the full repeal of the local cannabis tax (Bill #250929). Cannabis is medicine — most medications in California are not taxed at all. Cannabis is vastly overtaxed compared to alcohol and tobacco. When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm — especially to seniors, disabled residents, and low-income patients. Cannabis tourism will also suffer. The tax also undermines the city's social equity goals, harming social equity cannabis businesses that were supposed to get a leg up in the cannabis industry.

Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

Thank you.

Sincerely,

John Delaplane

From: MCAGiraffe
To: Board of Supervisors (BOS); Mayor, MYR (MYR)
Cc: Chan, Connie (BOS); Sherrill, Stephen (BOS); Sauter, Danny (BOS); Mahmood, Bilal (BOS); Dorsey, Matt (BOS); Melgar, Myrna (BOS); Mandelman, Rafael (BOS); Fielder, Jackie (BOS); Walton, Shamann (BOS); Chen, Chyanne (BOS)
Subject: Support Repeal of the Local Cannabis Business Tax (File #250929)
Date: Sunday, November 30, 2025 3:50:58 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

November 30, 2025

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Re: Support Repeal of the Local Cannabis Business Tax (File #250929)

Dear Supervisors,

We are Michelle and Michael Aldrich, longtime San Francisco residents and advocates, who have devoted more than fifty years to ensuring that patients have safe, compassionate, and affordable access to cannabis. We have spent our lives working alongside community members, patients, caregivers, and policymakers to build the system San Francisco is known for today — one grounded in dignity, health, and harm reduction.

We are writing to urge you to support File #250929 and prevent the delayed 5% local Cannabis Business Tax from taking effect on January 1, 2026.

For decades, San Francisco led the nation in recognizing cannabis as medicine. We stood with patients through the AIDS epidemic, when cannabis was often the only thing easing pain, nausea, or the side effects of lifesaving medications. We worked to build compassion programs, safe distribution models, and supportive regulatory frameworks that protected the sick, the elderly, and the most vulnerable.

That legacy is now at risk.

If this tax takes effect, it will raise the cost of medicine for patients who are already struggling — seniors, disabled people, low-income residents, and those living with chronic conditions. Many of these individuals rely on cannabis simply to function day-to-day. A 5% increase will push some back toward unregulated sources, which is neither safe nor consistent with San Francisco's values.

The legal cannabis system is already overburdened by state taxes, federal 280E penalties, and rising operating costs. Community-based dispensaries — the same ones that built this movement, offered compassion discounts, and supported patients long before legalization —

cannot absorb another financial strain. Losing them would be a profound blow to public health and to the spirit of compassion this city helped pioneer.

We respectfully ask that you:

1. Advance File #250929 out of the Budget and Finance Committee;
2. Support its passage at the full Board; and
3. Protect access to safe, tested, regulated medical cannabis for the people who need it most.

San Francisco has always been a moral leader in cannabis policy. We hope you will uphold that legacy by ensuring patients are not priced out of the medicine that improves — and in many cases sustains — their daily lives.

Thank you for your time and thoughtful consideration.

Love, peace and health,

Michelle Aldrich

Michael Aldrich

Longtime Cannabis Advocates & Community Elders

From: William Dolan
To: Board of Supervisors (BOS)
Subject: Repeal the Local Cannabis Business Tax (File #250929)
Date: Sunday, November 30, 2025 10:36:12 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Board of Supervisors,

My name is William Dolan, resident and business owner in D4. I am the owner, operator, and CEO of HYRBA located at 4033 Judah St. in the Outer Sunset. I am also an Equity Applicant and Board Member of the San Francisco Cannabis Alliance (SFCA) and member of the Brownie Mary Democratic Club.

I am writing to request the following.

- *We need your support to **repeal** the local Cannabis Business Tax (File #250929).*
- *Please move this item out of committee and schedule a public hearing immediately so patients and operators can be heard.*
- *Cannabis is essential medicine for many residents, and most Californians do not pay taxes on their medications.*
- *This tax will disproportionately harm independent operators, workers, and equity businesses.*
- *Implementing another tax will harm patients and undermine safe, regulated access.*
- *The temporary state tax increase earlier this year already reduced access and pushed consumers toward illicit options.*
- *San Francisco should be protecting compassionate access and supporting compliant operators, not adding additional financial barriers to an already contracting market.*

Why This Matters

If the tax is implemented:

- Consumer prices will increase across all retail operators in San Francisco.
- Access for medical patients, seniors, and people on fixed incomes will decrease.
- Small community-based dispensaries, and specifically Equity owned dispensaries, will struggle and/or close.
- Corporate operators (and illicit market sellers) will gain disproportionate advantage.
- The illicit market will strengthen and thrive; the regulated, legal market will continue to

contract.
- Retailers will face even greater regulatory and competitive pressure.

Traditional medications in California are tax-exempt, yet cannabis — the medicine many people rely on daily — continues to be burdened with multiple layers of taxation. This harms and penalizes both patients and compliant operators, while it rewards those operating in the illicit market.

Thank you for your support of our worthy cause to keep cannabis accessible, affordable, and readily available to the citizens of San Francisco. Please reach out if you have any questions or would like to discuss further.

William Dolan, Equity Applicant, Owner and CEO
--
will@hyrba.com
415.935.4743

From: Elaine Bell
To: Board of Supervisors (BOS)
Cc: Lurie, Daniel (MYR)
Subject: Upcoming 5% cannabis tax
Date: Monday, December 1, 2025 8:57:56 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good morning! I hope all is well with you on this fine Monday. I'm writing to you to please vote yes on the bill that will stop the 5% cannabis tax that is due to take effect on January 1st of 2026. It will not only hurt the businesses that built this movement, it will also hurt folks like me that use cannabis as medicine because we can't use traditional medicine. Allergies and such. I myself am allergic to anti inflammatory drugs. They give me GI bleed. Cannabis balms and tinctures help my arthritis. Flower helps anxiety.
Thank you for your time and I hope you will consider the repeal of this unnecessary tax.

Sincerely,
Elaine B.

From: Patricia Flynn
To: Board of Supervisors (BOS)
Cc: Lurie, Daniel (MYR); Fielder, Jackie (BOS)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Monday, December 1, 2025 9:15:25 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I support full repeal of the local cannabis tax (Bill #250929). Cannabis is medicine, and most medications in California are not taxed at all. Patients already struggle with the highest taxes in the country. When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Please vote YES on repeal and protect compassionate access in San Francisco.

From: Jim Misner
To: Board of Supervisors (BOS)
Cc: Lurie, Daniel (MYR)
Subject: re: Bill 250929
Date: Monday, December 1, 2025 9:17:25 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I support full repeal of the local cannabis tax (Bill #250929). Cannabis is medicine, and most medications in California are not taxed at all. Patients already struggle with the highest taxes in the country. When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Please vote YES on repeal and protect compassionate access in San Francisco.
Respectfully,….Your constituent,

James Misner

From: J Alvarez
To: Board of Supervisors (BOS)
Subject: Cannabis tax
Date: Monday, December 1, 2025 9:42:38 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I support full repeal of the local cannabis tax (Bill #250929). Cannabis is medicine, and most medications in California are not taxed at all. Patients already struggle with the highest taxes in the country. When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Please vote YES on repeal and protect compassionate access in San Francisco.

Sent from my T-Mobile 5G Device

Get Outlook for Android

From: Angela Montemayor
To: Board of Supervisors (BOS)
Subject: tax on Cannabis
Date: Monday, December 1, 2025 11:16:29 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please stop the 5% tax that's coming on in January.
Everything is so expensive, food, gas, insurance, and lets not forget San Francisco super high rents. Please do not tax us more than we all ready are.
I am a medical marijuana user for my PTSD and physical pain. I can not afford to pay more with everything else being so high.

Best to you and yours,
Angela Montemayor

Yahoo Mail: Search, Organize, Conquer

From: Kenneth Alexander
To: Board of Supervisors (BOS)
Subject: Vote YES on Bill#250929 - Protect SF Patients
Date: Monday, December 1, 2025 5:32:17 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I support full repeal of the local cannabis tax (Bill #250929). Cannabis is medicine, and most medications in California are not taxed at all. Patients already struggle with the highest taxes in the country. When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm, especially to seniors, disabled residents, and low- income patients. Please vote YES on repeal and protect compassionate access in San Francisco.
Sent from my iPhone

From: Catherine Herrera
To: Board of Supervisors (BOS)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Tuesday, December 2, 2025 8:00:26 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Board of Supervisors:

In 2008, I was receiving a routine blood draw when the nurse instead went into my arm nerve, drew a whole vial of blood, and my life was forever changed. I developed a rare condition on top of the nerve damage that impacted my mobility immediately.

Due to the fact I was injured at a hospital, I went through a traumatic experience in trying to get medical care, supportive devices and medication - since there is no cure and all medication is considered 'experimental.' The condition that resulted from the needle aspiration injury provokes the highest level of pain recorded by the medical field on the pain index, beyond cancer and childbirth. That level of pain was unbearable.

Someone suggested I try cannabis. I did not have money and relied on patient compassion programs to access the medicine. It took time but the cannabis helped regulate the pain, and even though I was in no way cured, I could start to function, to be able to eat, sleep and slowly, recover balance enough to be able to engage in my business and care for my family again. With that said, my abilities are still limited, require daily management and continue to limit income capacity.

It's not fair to tax cannabis while no taxes are applied on other medications.

Further, the City is offering financial incentives to profitable companies to locate here while charging extra taxes to seniors, disabled people and low-resourced residents who are dealing with increasing prices, and limited incomes. Already, Californians pay exorbitant prices for cannabis, and, compassion programs are gone. Many are forced to the off-market sources to save from taxes, risking unsafe conditions. These are not outcomes that support charging a small additional tax.

Please consider patients and fully repeal the local cannabis tax (Bill #250929). When state taxes briefly increased this year, patients immediately suffered. Another tax will cause real harm, especially to seniors, disabled residents, and low-income patients. Alternatively, grant a sales tax exemption for medical cannabis license holders.

Please vote YES on repeal and protect compassionate access in San Francisco.

Thank you for your consideration,

Catherine Herrera
SF Resident

From: Shannon McInerney
To: Board of Supervisors (BOS)
Cc: Mayor, MYR (MYR); Mandelman, Rafael (BOS)
Subject: Vote YES on Bill #250929 — Protect SF Patients
Date: Wednesday, December 3, 2025 4:04:28 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good Evening Everyone,

- I support full repeal of the local cannabis tax (Bill #250929).
- Cannabis is medicine — most medications in California are **not taxed at all**.
- Cannabis is vastly overtaxed compared to alcohol and tobacco.
- When state taxes briefly increased this year, patients immediately suffered.
- Another tax will cause real harm — especially to seniors, disabled residents, and low-income patients. Cannabis tourism will also suffer.
- Please vote YES on repeal and protect compassionate access and the cannabis industry in San Francisco.

Shannon McInerney
PAX Labs Inc.
Customer Success Manager, Northern California
415-730-8013 @therealshannabis
Trade Marketing Resources
KSS Live Menu | PAX Catalog

From: Bram Goodwin
To: ChanStaff (BOS); DorseyStaff (BOS)
Cc: Jalipa, Brent (BOS); MandelmanStaff (BOS); David C. Goldman
Subject: I am writing in support of ordinance #250929, the repeal of the Prop D Cannabis Tax, asking for the Budget Committees' Support
Date: Tuesday, October 7, 2025 7:42:24 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Supervisors Chan, Dorsey, SF BOS Budget & Finance Committee,

Good Morning.

I am writing in support of ordinance #250929, the repeal of the Prop D Cannabis Tax, asking for the Budget Committees' Support, to vote Yes at your October 29 meeting, pass it on to the full SF Board of Supervisors.

Representatives of the SF Cannabis Community, including members of the SF Brownie Mary Democratic Club, will be in attendance on October 29, asking for your support for ordinance #250929, introduced to the SF Board of Supervisors by Supervisor Mandelman, to permanently repeal the Proposition D local cannabis tax.

As we have communicated to the SF Board of Supervisors, Cannabis retail sales have declined over the last few years, due in part to the price difference between "Legal Cannabis Sales", with its high operating costs & taxes and the "traditional" unregulated market that is estimated to get ⅔ of Total SF Cannabis Sales.

Since 2018, SF retail store fronts have doubled, with the sales of many of the original "Medical Stores" contracting, new stores not meeting their projections.

The last thing that SF Cannabis Consumers & Cannabis businesses need is an additional tax on top of the almost 30% tax that we already pay.

Many San Francisco residents are Cannabis Medical patients, who rely on Cannabis for pain relief, to help with many ailments including depression & cancer. They need their cannabis medicine to be reasonably priced, but given taxes, other regulations, many patients, due without or buy from the illicit market due to the high retail price of legal cannabis.

Given this situation, we need the city of San Francisco's help in creating an environment where these retail stores can continue to service the many SF medical cannabis patients, who need their medicine, as well as providing an

alternative space for many SF residents, who prefer cannabis as a healthier substance over items such as alcohol.

SF Elected Officials have emphasized in the recovery from the pandemic, the importance of supporting small businesses, calling them the backbone of our economy. You have created programs to support them. We in the SF Cannabis Community would like to be included in those plans.

San Francisco is known world wide for cannabis, as California produces what is considered the best cannabis of any place in the world.

The SF Board of Supervisors has historically played an important role in giving SF Cannabis Medical patients access to their Cannabis, being the first to authorize legal sales during the 1990's HIV crisis.

Please vote YES at the Budget Committee on October 29, pass it on the full SF Board of Supervisors with a VOTE YES recommendation.

See you on Wednesday October 29.

bram

Bram Goodwin
photographer
Media Director, SF Brownie Mary Democratic Club, @bmsf415
San Francisco Social Club, @sfsc415
415.505.3686
Bluesky: @bramgoodwin
instagram: @bramgoodwin
linkedin: @bramgoodwin

TheGreenCross®

September 29, 2025

San Francisco Board of Supervisors
Budget & Finance Committee
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Support for File #250929 – Cannabis Business Tax Repeal | Sponsored by Supervisors Mandelman, Dorsey, Sauter & Mahmood

Dear Budget & Finance Committee Members,

On behalf of The Green Cross, a proud San Francisco-based cannabis dispensary operating in good standing for over two decades, we write in strong support of File #250929 and urge the Committee to move this legislation forward with a "Do Pass" recommendation—without further delay.

This Tax Has Never Been Implemented. It's Time for a Clean Repeal.
The Cannabis Business Tax has remained on the books for years without ever taking effect. Instead, policymakers have continuously "delayed" its implementation—an acknowledgment that the tax is unworkable in practice. Let's be clear: delaying is not a solution. Full repeal is long overdue and is the cleanest path forward.

A Turning Point for San Francisco's Legal Cannabis Market
The legal cannabis industry in San Francisco is facing a now-or-never moment. Even with the passage of AB 564, which will lower the State's excise tax, layering on a local tax will cripple licensed operators. Continued uncertainty from rolling delays makes it impossible for businesses like ours to plan, invest, or retain staff. The result? More closures, more lost jobs, and more market share shifting back to unregulated sellers.

Public Safety, Consumer Health, and Market Stability
Keeping prices competitive is not just an economic issue—it's a public safety issue. High taxes widen the price gap between licensed and unlicensed sellers, pushing consumers away from tested, regulated products and back toward the illicit market. Repeal helps stabilize the industry, protect consumers, and increase participation in the legal system.

4218 Mission Street
San Francisco, CA 94112
TheGreenCross.org
O: 415.648.4420
F: 415.431.2420

Equity, Jobs, and Local Economic Impact

This repeal is not about creating a windfall for large corporations—it's about survival for small businesses, equity operators, unionized workers, and hourly employees. Every dispensary that closes eliminates stable jobs and disrupts access to safe products. The City should be doing everything possible to preserve what's left of its legal cannabis ecosystem.

Revenue Reality

This tax has never generated a single dollar in revenue for the City—because it has never been implemented. Repeal carries no fiscal downside. On the contrary, it will help preserve existing revenue from sales tax, payroll tax, and business registration fees.

Certainty for 2026 and Beyond

By setting an effective repeal date of January 1, 2026, the City can plan cleanly for the new tax year while giving cannabis businesses immediate clarity to adjust pricing, stabilize operations, and retain jobs.

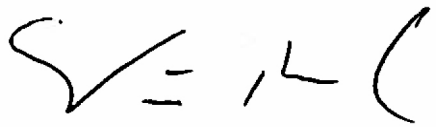
Our Commitment

Since opening our storefront in the Excelsior District in 2013, *The Green Cross* has contributed over $650,000 to local nonprofits, upheld the highest standards of compliance, and remained committed to San Francisco's values of equity, compassion, and community service. We want to continue that legacy—but we need a viable and stable environment in which to operate.

We urgently call on you to support File #250929 and issue a "Do Pass" recommendation to the full Board of Supervisors without further delay.

If you have any questions, concerns, or would like to discuss this further, please feel free to reach out to me directly at kevinreed@thegreencross.org or (415) 846-7671.

Sincerely,



Kevin Reed
Founder & President
The Green Cross

President, District 8
BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date: 12/1/25

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☐ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____ _____ (Primary Sponsor)

Title. _____

☐ Transferring (Board Rule No 3.3)

File No. _____ _____ (Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

☒ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: Mahmood Replacing Supervisor: _____

For: 12/3/25 (Date) Budget & Finance (Committee) Meeting

Start Time: _____ End Time: _____

Temporary Assignment: ○ Partial ○ Full Meeting

Rafael Mandelman, President
Board of Supervisors

President, District 8
BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date: 12/1/25

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☐ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____ _____ (Primary Sponsor)

Title. _____

☐ Transferring (Board Rule No 3.3)

File No. _____ _____ (Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

☒ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: Sauter Replacing Supervisor: Dorsey

For: 12/3/25 (Date) Budget & Finance (Committee) Meeting

Start Time: _____ End Time: _____

Temporary Assignment: ○ Partial ○ Full Meeting

Rafael Mandelman, President
Board of Supervisors

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

M E M O R A N D U M

TO: José Cisneros, Treasurer, Office of the Treasurer and Tax Collector
Greg Wagner, City Controller, Office of the Controller
Adam Thongsavat, Liaison to the Board of Supervisors, Mayor's Office

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: September 15, 2025

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Rafael Mandelman:

File No. 250929

Ordinance amending the Business and Tax Regulations Code to repeal the cannabis business tax beginning on January 1, 2026, and remove references to the cannabis business tax from the common administrative provisions of the Code.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c. Amanda Kahn Fried, Office of the Treasurer and Tax Collector
ChiaYu Ma, Office of the Controller
Ayeesha Hossain, Office of the Controller

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

M E M O R A N D U M

TO: Katy Tang, Director, Office of Small Business
Small Business Commission, City Hall, Room 448

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: September 15, 2025

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, introduced by Supervisor Rafael Mandelman on September 9, 2025, which is being referred to the Small Business Commission for comment and recommendation.

File No. 250929

Ordinance amending the Business and Tax Regulations Code to repeal the cannabis business tax beginning on January 1, 2026, and remove references to the cannabis business tax from the common administrative provisions of the Code.

Please return this cover sheet with the Commission's response to Brent Jalipa, Budget and Finance Clerk, by email to: brent.jalipa@sfgov.org.

****

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

____ No Comment

____ Recommendation Attached

_____
Chairperson, Small Business Commission

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- [x] 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- [ ] 2. Request for next printed agenda (For Adoption Without Committee Reference)
  (Routine, non-controversial and/or commendatory matters only)
- [ ] 3. Request for Hearing on a subject matter at Committee
- [ ] 4. Request for Letter beginning with "Supervisor _____ inquires..."
- [ ] 5. City Attorney Request
- [ ] 6. Call File No. _____ from Committee.
- [ ] 7. Budget and Legislative Analyst Request (attached written Motion)
- [ ] 8. Substitute Legislation File No. _____
- [ ] 9. Reactivate File No. _____
- [ ] 10. Topic submitted for Mayoral Appearance before the Board on _____

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

☐ Yes ■ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

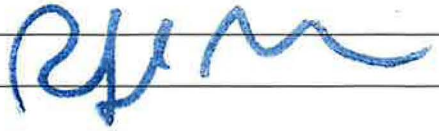
Sponsor(s):

Mandelman, Dorsey, Sauter, Mahmood

Subject:

Business and Tax Regulations Code - Cannabis Business Tax Repeal

Long Title or text listed:

Ordinance amending the Business and Tax Regulations Code to repeal the cannabis business tax beginning on January 1, 2026, and make conforming and non-substantive changes to the provisions administering the cannabis business tax and other taxes.

Signature of Sponsoring Supervisor: