

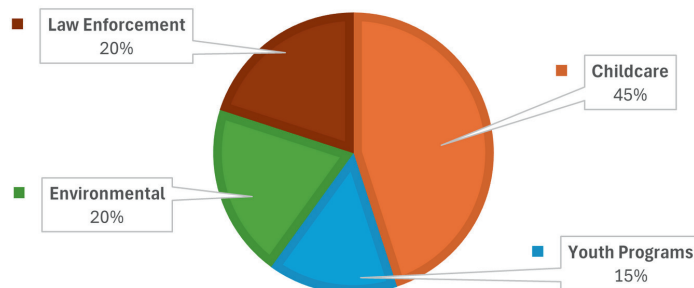
Choose Kids & the Environment over Higher Cannabis Profits

AB 564 (Haney) would reduce funding by \$180 million annually for Childcare, Youth Substance Use Prevention, Environmental Restoration & Law Enforcement Programs benefitting every district.

BACKGROUND

- In 2022 an agreement was struck in AB 195: Relieve the tax burden on cannabis cultivators but return to revenue neutrality by 2026 by **adjusting the cannabis excise tax from 15% to up to 19%** as needed. This is existing law.
- The AB 195 deal preserved hundreds of millions in **funding for kids, law enforcement & the environment** promised to voters in Prop 64.
- AB 564 reneges on the AB 195 deal, repealing the July 1st excise tax increase that restored revenue for children & the environment. **Rejecting AB564 assures funding is restored under existing law.**

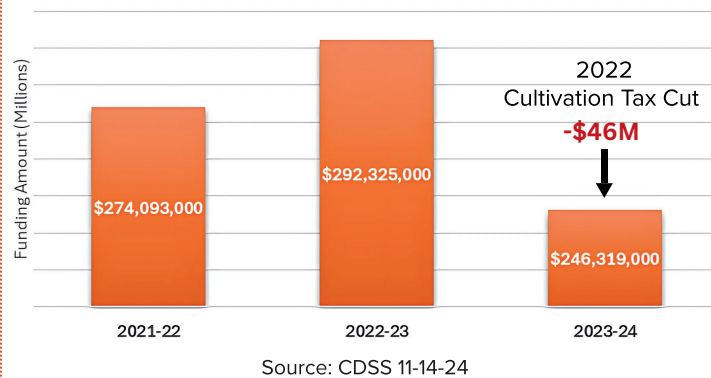
PROFITS OVER KIDS ~ \$855 MILLION OVER 5 YEARS IN LOST TIER 3 REVENUE IF 2022 AGREEMENT IS BROKEN



CONSEQUENCES FOR KIDS & THE ENVIRONMENT

- Repeal will deny childcare to tens of thousands of our most vulnerable children. Prop 64 childcare funding for foster children, emergency care & our state's lowest income children fell after the cut by \$46 million a year in 2023-24. **Expected losses from AB564 is about \$ 385 million or over 32,000 children-years of care.**
- Only 14% of 2.1 million California children** eligible for subsidized childcare, overwhelmingly children of color, are enrolled. The administration committed to adding **200,000 new slots by 2027.**
- Elevate Youth California has supported vulnerable youth & prevents substance abuse in all counties through 460 awards. **Losses from AB564 would total \$128 million, about 183 fewer awards over 5 years.**
- AB564 will **reduce cleanup** of damaged watershed lands and **limit local law enforcement, including against illegal grows** by about \$170 million each over 5 years, eliminating about 67 local law enforcement grants (these average \$2.5M each).
- Funding to child, youth, environmental & law enforcement programs after 2028, & indefinitely into the future, is tied to 2027 funding levels by Proposition 64 tax provisions. **Repealing the July 1 adjustment will harm ongoing childcare availability & youth programs for many years to come.**

CANNABIS TAX CHILDCARE FUNDING



DON'T BREAK WHAT'S NOT BROKEN

- California's 19% cannabis tax is not too high.** Most, 85%, of licensees pay as required. Nor would the adjusted tax be too high when compared to excise taxes in WA (37%), CO (17%), VA (21%), MT (20%), IL, NJ and CT taxes on high THC, or to CA excise taxes on e-cigarettes of 53% & 12.5% (total 65.5%). **Overproduction and out-of-state demand, not taxes, power the CA illicit market.**
- Proposed tax cuts mostly **benefit large multi-state operators** who increasingly dominate the retail sector. **Only around 10% of California cannabis retailers are "equity" operators.**
- In tough budget times & with massive federal cuts to childcare, substance abuse prevention and the environment, this is not the time **to throw kids under the bus to prop up Big Cannabis profits.**

Choose Kids & the Environment over Higher Cannabis Profits

The 104 undersigned organizations respectfully urge you to not support gutting funding for childcare, youth, and environmental programs for the sake of increasing profits for the cannabis industry.

Please vote NO on AB 564.

Alliance for Boys and Men of Color
Arts for Healing and Justice Network
Asian Refugees United
Back to the Start
Big Valley Band of Pomo Indians
Breakthrough Sacramento
CactusToCloud Institute
Cal Alliance of Child and Family Services
Calexico Wellness Center
California Alliance for Youth and Community Justice
California Health Collaborative
California Native Plant Society
California School-Based Health Alliance
California State Parks Foundation
CalPride
Center for Empowering Refugees and Immigrants
Centro Del Pueblo Movimiento Indigena Migrante
Child Action, Inc.
City Ministry Network
Club Stride, Inc.
Coastal Defenders
Communities United for Restorative Youth Justice
Concrete Development, Inc.
Connected to Lead
Core 6
CROP Project
Early Edge California
East Bay Asian Youth Center
El Sol Neighborhood Educational Center
Endangered Habitats League
Environmental Protection Information Center (EPIC)
ExpandLA
Freedom 4 Youth
Fresh Lifelines for Youth
Friends of Harbors, Beaches and Parks
Friends of the Eel River
Friends of the Inyo
Future Leaders of America
Gateway Mountain Center
Getting It Right from the Start
Girls Club of Los Angeles
Healthy Vallejo Community Support Services, Inc.
Helpline Youth Counseling
Hermosa Coalition for Drug-Free Kids
Hills for Everyone
Hmong Innovating Politics
Indigenous Justice
Institute for Public Strategies
Klamath Forest Alliance
Kno'Qoti Native Wellness Inc.
Latino Coalition for a Healthy California
Latino Health Access

Legacy LA
LGBTQ Center OC
Lily of the Valley Emmanuel Church of Jesus Christ
Los Angeles Neighborhood Land Trust
Marin Residents for Public Health Cannabis Policies
Mental Health California
Merced Lao Family Community, Inc.
Mid-City CAN
Mojave Desert Land Trust
National Council on Alcoholism and Drug Dependence of East
San Gabriel and Pomona Valleys
Native Dads Network
Native Sisters Circle
Oracles of Truth
Pacific Forest Trust
Parent Voices California
Planning and Conservation League
Prevention Institute
Project Optimism, Inc.
PRO Youth and Families
Raizes Collective
Resilience Orange County
Resources Legacy Fund
River Partners
RYSE Youth Center
Sacramento Area Congregations Together
Sacramento LGBT Community Center
Sacramento Youth Center
Safe Passages
SAY San Diego
Showing Up for Racial Justice Santa Cruz County
Somos Mayfair
Sonoma Land Trust
Tahoe Youth and Family Services
Tarzana Treatment Center, Inc.
The Cambodian Family
The Los Angeles Trust for Children's Health
The Source LGBT+ Center
The Wall Las Memorias
Thriving Families California
Trout Unlimited
True North Organizing Network
Underground GRIT
Urban Peace Movement
Urban Strategies Council
Watershed Research and Training Center
Waymakers
Youth Alliance
Youth Forward
Youth Leadership Institute
Youth Transforming Justice
Youth Will
4th Second