



May 27, 2019

Honorable Assemblymember Reginald Byron Jones-Sawyer, Sr.  
State Capitol, Room 2117  
Sacramento, CA 95814

**RE: AB-37 Personal income taxes: deductions: business expenses: commercial cannabis activity. – SUPPORT**

Dear Assemblymember Jones-Sawyer,

Independent California is a non-profit that seeks policy changes to move California in a more independent direction. I am writing today to express our support for AB 37, which would make expenses for a cannabis-related business deductible for California income taxes, both personal and corporate.

This bill is necessary because the federal government still considers cannabis businesses “illegal,” even if they comply with all relevant state laws, and thus does not allow them to deduct business expenses (though it is of course happy to collect income taxes on their revenue).

In contrast, in California (under MAUCRSA and other laws), licensed cannabis businesses that comply with state law are legal and legitimate. While we should always be careful about complicating California’s tax code (especially in ways that reduce revenue), the fact of the matter is that California cannabis businesses that comply with state law are, simply, California businesses, and they deserve the same equitable tax treatment as any other California business.

Sincerely,

A handwritten signature in black ink that reads "Dave Marin". The signature is written in a cursive style with a prominent "D" and "M".

Dave Marin  
Chair of the Board  
Independent California  
[dave.marin@independentca.org](mailto:dave.marin@independentca.org)