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Assemblymember Jones-Sawyer Introduces Bill to Allow Cannabis Business To Receive Same Deductions as Other Legal Businesses

(Sacramento – December 3, 2018) – Today Assemblymember Jones-Sawyer (D- South Los Angeles) introduced Assembly Bill (AB) 37, legislation that allows legal cannabis businesses to deduct ordinary and necessary business expenses.

“Due to anti-drug trafficking policies at the federal level, legal cannabis businesses in California are not able to make any deductions when paying taxes, which means they are taxed at higher rates than any other type of legal business in the state of California,” said Assemblymember Jones-Sawyer. “AB 37 will end the cannabis prohibition on state tax deductions, allowing the legal cannabis industry to thrive.”

Under current law, tax deductions that businesses are entitled to include: rent, salaries, employee benefits, utilities, payments to contractors, marketing, repairs and office expenses. All legitimate expenses incurred while conducting business are tax deductible expenses and the legal cannabis industry should not be an exception.

“The people of California have spoken and legalized the recreational use of cannabis,” said Assemblymember Jones-Sawyer. “AB 37 is a step in the right direction to recognizing cannabis as a legal enterprise in the Golden State and supporting the growth and innovation of this new industry.”

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Assemblymember Reginald Byron Jones-Sawyer, Sr. represents South Los Angeles, Florence-Firestone, Walnut Park, and a portion of Huntington Park. For more information about Assemblymember Jones-Sawyer, Sr., please visit