

Department of Cannabis Regulation (DCR)
2024 Comprehensive Fee Study
Verbal Report: Processing Timelines



June 2025

Past Processing Challenges



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Providing a timeline for processes in the past is challenging for two main reasons:**
 - The cannabis licensing process is not entirely in DCR's control.
 - The cannabis licensing process has been continuously evolving since inception. Five distinct Temporary Approval processes, two distinct Annual License processes, and one distinct Operating Permit process.
- However, moving forward under the Annual Licensing Program, **the process is now the same for all applicants going forward** (which should address the second challenge).
- As DCR matures as a department and has more resources than it did when many of the past challenges arose, we will **find opportunities to do more things in-house, which should help us ensure cannabis licensing revenues are devoted to cannabis licensing priorities.**
- To provide a clearer picture on the timelines for our licensing processes in the past, the following slides help walk through the years we've been operating and provide **rough timelines and context** behind what we were working on during each period, and the **challenges and delays** applicants may have experienced. 2

Commercial Cannabis Licensing Process by Applicant Group



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Period	Applicant Group	Available Licensing Process per Code				
		2017 LAMC	2018 LAMC	2020 LAMC	2022 LAMC	2023 LAMC
2017-2018	Existing Medical Marijuana Dispensaries (EMMD)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Annual Licensure (Standalone TA Application Phased Out)
	EMMD Supply Chain	Annual Licensure (City Council had not extended TA to this group)				
2019-2021	Phase 3 Retail Round 1 (P3RR1)	Annual Licensure (City Council had not extended TA to this group)	Annual Licensure (City Council had not extended TA to this group)			
	Public Convenience or Necessity (PCN)					
	Delivery					
2022	Phase 3 Retail Round 2 (P3RR2)			Annual Licensure (City Council had not extended TA to this group)		
2023-2025	All Subsequent Applicants					

Existing Medical Marijuana Dispensaries (EMMD)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Period:** Q1 2018 EMMD (Phase 1) and Q3 Suppliers to EMMDs (Phase 2)
- **Focus:**
 - Determining eligibility and issuing temporary licenses (“Temporary Approval” or “TA”) for existing cannabis businesses (EMMDs and their supply chain).
 - TA only available for EMMDs (Phase 1), expanded to include EMMD supply chain (Phase 2) in 2018.
- **Timeline:**
 - EMMDs - Shortest processed in less than a month, longest up to 15 months
 - Supply Chain - Shortest processed in 3 months, longest several years
- **Challenges:**
 - Ownership litigation caused delays.
 - Lack of information required for the application per the Code, or qualifying BTRC account.
 - Finding a compliant location caused delays. EMMDs enjoyed limited grandfathering of their existing business location, while their supply chain did not.
 - Sign-offs from the Department of Building and Safety (DBS) and Fire Department related to the Certificate of Occupancy caused delays (this certificate a requirement of TA).

Commercial Cannabis Licensing Process by Applicant Group



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Period	Applicant Group	Available Licensing Process per Code				
		2017 LAMC	2018 LAMC	2020 LAMC	2022 LAMC	2023 LAMC
2017-2018	Existing Medical Marijuana Dispensaries (EMMD)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Annual Licensure (Standalone TA Phased Out)
	EMMD Supply Chain	Annual Licensure (City Council had not extended TA to this group)				
2019-2021	Phase 3 Retail Round 1 (P3RR1)		Annual Licensure (City Council had not extended TA to this group)			
	Public Convenience or Necessity (PCN)					
	Delivery					
2022	Phase 3 Retail Round 2 (P3RR2)			Annual Licensure (City Council had not extended TA to this group)		
2023-2025	All Subsequent Applicants					

Phase 3 Retail Round 1 (P3RR1), Public Convenience or Necessity (PCN), & Delivery



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Period:** 2019 - 2021
- **Focus:**
 - Verification of individuals as Social Equity Individual Applicants (SEIAs).
 - Outreach and Technical Assistance for SEIAs.
 - Application processing for P3RR1 temporary licenses.
- **Timeline:**
 - Six months for SEIA Verification (Q2 2019) and Outreach and Technical Assistance (Q3 2019) for P3RR1 applicants.
 - Temporary licenses for P3RR1 applicants issued as early as Fall 2020 (see Challenges section on next slide for details on the delay). Others occurred in 2021 or later due to individual circumstances and challenges in meeting code requirements at the time.
 - (Challenges detailed on next page.)

Phase 3 Retail Round 1 (P3RR1), Public Convenience or Necessity (PCN), & Delivery (continued)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Challenges:**

- Outreach and Technical Assistance mandated per code to begin in Q3 2019, before DCR's Social Equity Program was up and running ([Council required DCR to accept application submissions by September 2019](#)).
- Code at the time ([LAMC 104.06.1](#)) had certain requirements (executed lease / property deed, ownership and financial information, business premises and staffing information, and equity share agreements) that were challenging for some SEIAs to meet within the code mandated application filing period (14-day window).
- The roll-out of the initial “first come, first served” application process was mired in controversy due to technical complications. Note, DCR had [recommended against](#) a “first come, first served” application process, but policymakers opted for the process as described in the code.
- Litigation threats from applicants not selected in P3RR1 lead to policymakers instructing DCR to pause application processing pending an audit (however, litigation was still filed while audit was underway). DCR transparently communicated the challenges of this period in its [November 2019 News Bulletin](#).

Phase 3 Retail Round 1 (P3RR1), Public Convenience or Necessity (PCN), & Delivery (continued)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Challenges (continued):**

- March 2020 brought about global disruptions related to the COVID-19 pandemic.
- The audit was completed in April 2020 and [found](#) that (a) DCR conducted the process in good faith; (b) found no evidence of bias or unfairness, and (c) found that, although there may have been confusion arising from imprecise messaging and that 14 applicants gained early access to the licensing application, the Auditor concluded that DCR's normalization process effectively negated any benefits that those applicants received by their early access. Application processing resumed in July 2020, with some applicants receiving TA in Fall 2020.
- Coordination challenges with other City agencies (Fire Department, Department of Building and Safety, Office of Finance).

Commercial Cannabis Licensing Process by Applicant Group



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Period	Applicant Group	Available Licensing Process per Code				
		2017 LAMC	2018 LAMC	2020 LAMC	2022 LAMC	2023 LAMC
2017-2018	Existing Medical Marijuana Dispensaries (EMMD)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Annual Licensure (Standalone TA Phased Out)
	EMMD Supply Chain	Annual Licensure (City Council had not extended TA to this group)				
2019-2021	Phase 3 Retail Round 1 (P3RR1)		Annual Licensure (City Council had not extended TA to this group)			
	Public Convenience or Necessity (PCN)					
	Delivery					
2022	Phase 3 Retail Round 2 (P3RR2)			Annual Licensure (City Council had not extended TA to this group)		
2023-2025	All Subsequent Applicants					

Phase 3 Retail Round 2 (P3RR2)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Period:** 2022
- **Focus:**
 - Council desired new criteria for SEIAs, which was adopted in 2022.
 - Second round of verification of SEIAs (Q2 2022), with Outreach and Technical Assistance to follow.
 - Procurement of a vendor and subsequent administration of the lottery in December 2022.
 - Temporary Approval processing continues.
- **Timeline:**
 - SEIAs selected in the lottery initially had up to one (1) year to submit a Pre-Application. This was extended to three (3) years in [December 2023](#).
 - The new Pre-Application Process was developed and implemented due to Social Equity stakeholder feedback from challenges experienced during P3RR1.
 - The new process removed some of the barriers that prevented some SEIAs from participating or advancing quickly in the first round of temporary licenses.
 - Once a Pre-Application is approved, the SEIA has up to one (1) year to submit a TA application.
 - In summary, SEIAs could have up to four (4) years to submit an application (up to 3 years to file a Pre-App, then up to 1 year to file a TA application).

Phase 3 Retail Round 2 (P3RR2) (continued)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Challenges:**

- Extended timeline for applicants to proceed. Up to three (3) years to file a Pre-Application, then up to one (1) additional year to file a TA application means a potential retail license could be encumbered for up to four (4) years. Applicants who file immediately and are prepared with all information could be processed for a temporary license in less than 90 days.
- Payment processing delays (continuing post-pandemic issue). DCR is not in control of all aspects of its processing timeline.

Commercial Cannabis Licensing Process by Applicant Group



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Period	Applicant Group	Available Licensing Process per Code				
		2017 LAMC	2018 LAMC	2020 LAMC	2022 LAMC	2023 LAMC
2017-2018	Existing Medical Marijuana Dispensaries (EMMD)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Temporary Approval (TA)	Annual Licensure (Standalone TA Phased Out)
	EMMD Supply Chain	Annual Licensure (City Council had not extended TA to this group)				
2019-2021	Phase 3 Retail Round 1 (P3RR1)	Annual Licensure (City Council had not extended TA to this group)	Annual Licensure (City Council had not extended TA to this group)			
	Public Convenience or Necessity (PCN)					
	Delivery					
2022	Phase 3 Retail Round 2 (P3RR2)	Annual Licensure (City Council had not extended TA to this group)	Annual Licensure (City Council had not extended TA to this group)			
2023-2025	All Subsequent Applicants					

Current Licensing Process - Transition from TA to Annual Licensure



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Period:** 2023 - 2025
- **Focus:**
 - Mandatory transition of provisional licenses with Temporary Approval (TA) to Annual Licensure, which brought about new requirements, including CEQA reviews.
 - The Annual Licensure process was complicated by changes mandated by State law in 2022 that made local jurisdictions the “first mover” instead of the State.
- **Timeline:**
 - Applicants with TA migrated to the new Annual License (AL) process in Q2 2023, and new applicants may only apply for the Annual License.
 - Annual Licenses issued starting in March/April 2024, beginning with retail licenses to ensure applicants are transitioned ahead of any State provisional expiration date.
 - Processing AL applications began January 2024, but docs were provided as early as Fall 2023 (along with renewals submissions).
 - This timeline was roughly six (6) months, which aligns with the code.

Current Licensing Process - Transition from TA to Annual Licensure (continued)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

- **Challenges:**

- State law (SB 51) created a pathway for new equity applicants to apply for a State provisional retail (Type 9 or 10) license, providing a window for new Social Equity applicants to apply for a provisional license. But this does not impact the existing temporary licenses at the local level that expire in 2025.
- Coordination with the State Department of Cannabis Control (DCC) Licensing Division
 - Environmental info form (4013) approved mid-September 2023.
 - Info necessary for the CEQA requirements of the AL process, which needed to transition provisional licenses before their expirations in 2025
 - This information was required for the 2024 renewal (Sept 2023 thru Feb 2024), which means docs for the AL could not have been provided until after this time.

Current Licensing Process - Transition from TA to Annual Licensure (continued)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

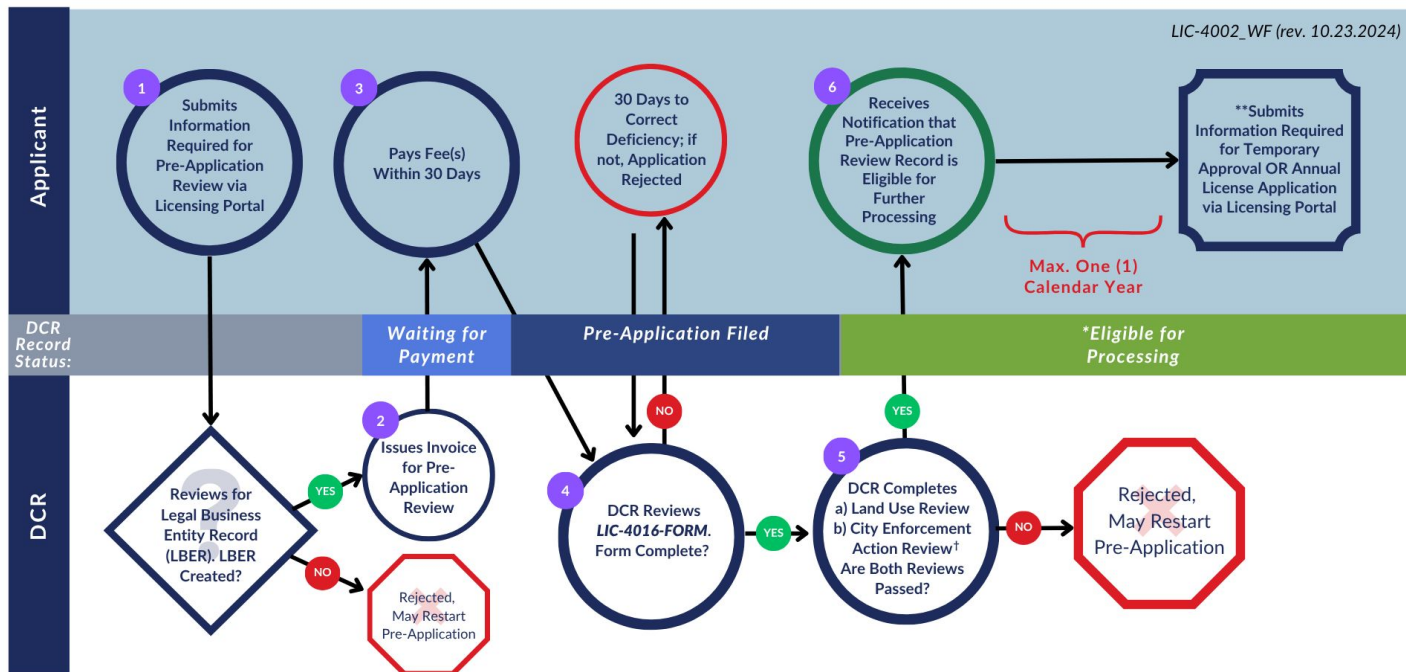
- **Challenges (continued):**

- Grant Issues with DCC Office of Grant Management (OGM)
 - All fees related to the AL were deferred as DCR worked with DCC OGM under new guidance on allowable grant expenditures related to the Local Jurisdiction Assistance Grant (LJAG).
 - This issue was outstanding from April 2023 until November 2024. DCR was advised that no fees could be waived using LJAG funding until a new agreement was executed identifying the specific fees (waivers could not be retroactive).
 - DCR invoiced applicants for the Annual License Application fee beginning August 2024 after it became clear DCC would not allow LJAG funding to be used for the ALA fees; however, DCR was able to use CEG funds to waive this fee, shielding SE applicants from this impact.
- Extending payment deadlines for AL fees that could not be covered by LJAG
 - Because DCR initially planned to not invoice these fees by using LJAG funding, we empathized with applicants when we were forced to invoice them in August 2024.
 - To help applicants, DCR extended payment deadlines twice from November to December 2024, and then to February 2025.
 - These extensions lengthened the process for applicants who took advantage of the extensions, since they needed to pay the AL application fee before moving forward in the process.

Pre-Application Review Workflow



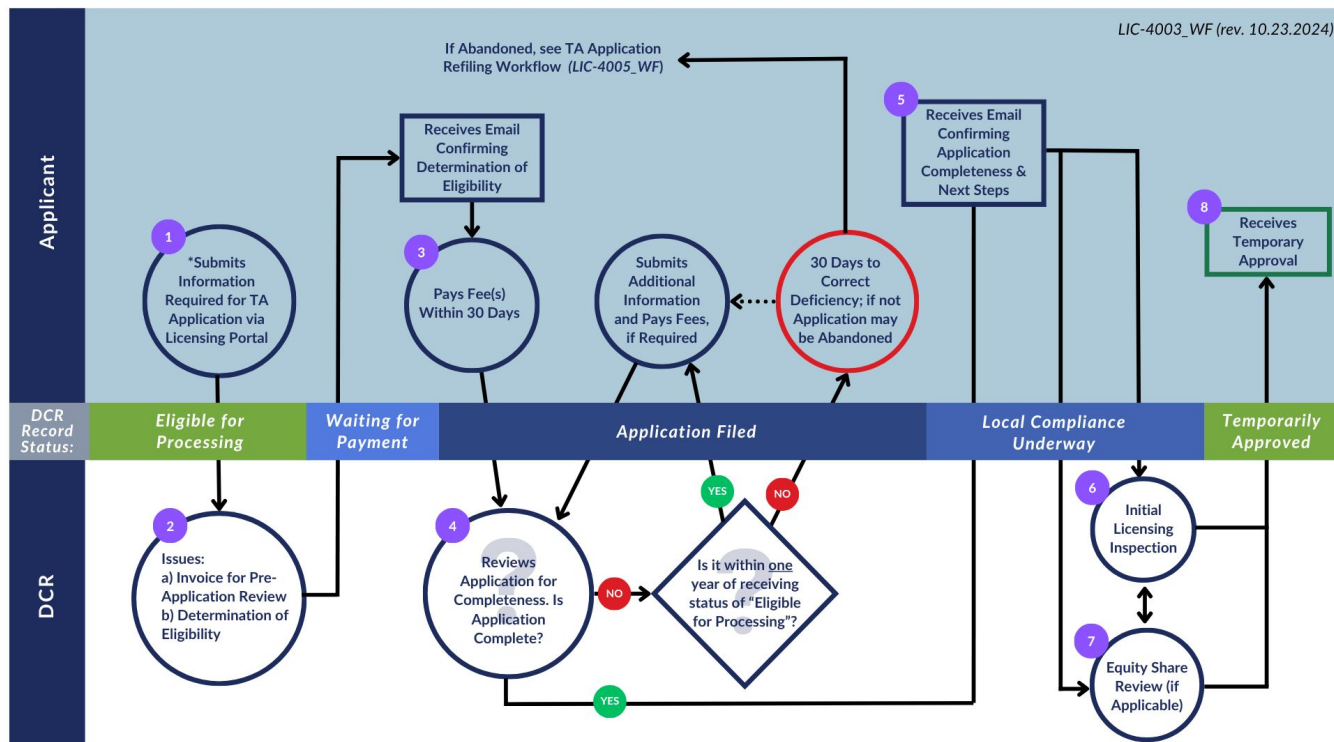
CITY OF LOS ANGELES DEPARTMENT OF
**CANNABIS
REGULATION**



Temporary Approval Process (2017 - 2022)



CITY OF LOS ANGELES DEPARTMENT OF
**CANNABIS
REGULATION**



Annual Licensing Process - Retail Businesses (since 2023)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Process for Retail Businesses



Annual Licensing Process - Non-Retail Businesses (since 2023)



CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

Process for Non-Retail Businesses



