

ORDINANCE NO. _____

An ordinance amending various sections of Article 4, Chapter X of the Los Angeles Municipal Code regarding the regulation of Commercial Cannabis Activity.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Subdivision 7 of Subsection (a) of Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

7. **“Cannabis”** means cannabis as defined in Section 21.51 of the Los Angeles Municipal Code.

Sec. 2. Subdivision 40 of Subsection (a) of Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

40. **“Undue Concentration”** means the Applicant’s Business Premises is located within a higher License to population ratio within the community plan based on the American Community Survey, updated annually, than the following: ratio of one License per 7,500 residents for Storefront Retailer (Type 10); ratio of one License for every 2,500 square feet of allowable cultivated area for Cultivation (Types 1A, 1C, 2A, 3A, and 5A); and ratio of one License per 7,500 residents for Manufacture (Type 7). For the purposes of calculating Undue Concentration, “License” includes Pre-Application Records and Annual License Applications. Applications submitted prior to a community plan reaching Undue Concentration are not subject to a finding of Undue Concentration.

Sec. 3. Section 104.02 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

SEC. 104.02. LICENSE REQUIRED.

(a) DCR shall issue Licenses authorizing adult-use and medical Commercial Cannabis Activity. A License is required for any of the following Commercial Cannabis Activities and shall be issued individually for each activity type:

1. **RETAILER COMMERCIAL CANNABIS ACTIVITY - Type 10 -** Storefront Retailer; Type 9 - Delivery, as currently defined or amended by the State of California. A Person may not hold more than three Type 10 Licenses. A Person with an aggregate ownership or profit-sharing interest of 20 percent or more in the Person applying for a License may not hold more than three Type 10 Licenses, unless the interest is solely a security, lien, or encumbrance.

2. MICROBUSINESS COMMERCIAL CANNABIS ACTIVITY - Type 12 - Microbusiness is a business that conducts Delivery (Type 9) and Distributor (Type 11) Commercial Cannabis Activity.

3. INDOOR COMMERCIAL CANNABIS CULTIVATION ACTIVITY - Type 1 through Type 5 as defined herein; Type 1A - Cultivation, Specialty Indoor, Small; Type 2A - Cultivation, Indoor Small; Type 3A - Cultivation; Indoor, Medium; Type 4 - Cultivation, Nursery (limited to indoor cultivation); and Type 5A - Cultivation, Indoor, Large; Type 1C - Specialty Cottage Small (limited to indoor cultivation); Processor as currently defined or amended by the State of California. A Person shall not hold more than three Type 3A Medium - Indoor Cultivation Licenses or any combination of cultivation license types where the aggregate allowable cultivation area would exceed 1.5 acres. A Person with an aggregate ownership or profit sharing interest of 20 percent or more in the Person applying for a License may not hold more than three Type 3A Medium - Indoor Cultivation Licenses or any combination of cultivation license types where the aggregate allowable cultivation area would exceed 1.5 acres. This provision does not apply to applications submitted prior to the effective date of this ordinance provided that any changes or modifications to the license do not exceed the total allowable aggregate cultivation area or the number of allowable cultivation licenses held by a Person.

4. MANUFACTURE COMMERCIAL CANNABIS ACTIVITY

(i) Type 6 - Manufacturer 1 as currently defined or amended by the State of California.

(ii) Type 7 - Manufacturer 2 as currently defined or amended by the State of California.

(iii) Type N - Infusion.

(iv) Type P - Packaging.

(v) Type S - Shared-use facility.

5. TESTING COMMERCIAL CANNABIS ACTIVITY - Type 8 - Testing Laboratory as currently defined or amended by the State of California

6. DISTRIBUTOR COMMERCIAL CANNABIS ACTIVITY - Type 11- Distributor as currently defined or amended by the State of California.

7. OTHER COMMERCIAL CANNABIS ACTIVITY - Any Commercial Cannabis Activity which requires a State of California license as currently defined or amended by the State of California and which is not identified in this article.

Sec. 4. Subdivision 1 of Subsection (a) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Public Convenience or Necessity (PCN) Process.** Pursuant to this subsection, DCR shall process Storefront Retail (Type 10) Applications from all Applicants, including Applicants not subject to Section 104.20, with a Business Premises located in a Community Plan Area that has reached Undue Concentration. If the Applicant's proposed Business Premises is located in a Community Plan Area that has reached Undue Concentration, the Applicant must request that the City Council find that approval of the License Application would serve the public convenience or necessity. Prior to seeking a finding from the City Council, the Applicant shall submit a Pre-Application Record and pay a Pre-Application Review Fee pursuant to Section 104.19 for DCR to determine if the proposed Business Premises location complies with Section 104.04(b).

Sec. 5. The first paragraph of Subsection (c) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(c) **Modifications.** To request a modification, the Applicant or Licensee shall be in good standing with the requirements of this article and shall not be delinquent on any City tax, fine, fee, or previously-deferred fee payments. Modifications shall not be made to any record, including an Application, License, or Operating Permit, without prior written approval by DCR in accordance with this subsection. For all modifications, an Applicant or Licensee shall submit a modification request on a form provided by DCR through the DCR Licensing Portal and pay the applicable modification request fee pursuant to Section 104.19 within 30 days of the invoice date. After payment, DCR, in its sole discretion, may approve or deny the request. DCR's determination is final and not appealable. If requested, the Applicant or Licensee shall submit any additional information, forms or documents that DCR deems necessary to process the request and pay any additional modification fee(s) pursuant to Section 104.19. Modification requests shall not be processed until all required information, forms, documents, and fees have been submitted. DCR may require Licensees to obtain approval for the proposed modification(s) from the State licensing agency or any other applicable agency.

Sec. 6. Subdivision 4 of Subsection (c) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

4. **Pre-Application Record.** Persons shall not be permitted to modify a Pre-Application Record.

Sec. 7. Subdivision 6 of Subsection (c) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

6. **Temporary Approval.** Licensees with Temporary Approval may submit only the types of Temporary Approval modification requests listed in Paragraphs (i) - (iii), or as permitted in the Rules and Regulations. Persons shall not be permitted to sell, lease, lend, or otherwise transfer a Temporary Approval.

(i) **Business Premises Relocation.** Licensees shall not relocate Commercial Cannabis Activity without prior written approval from DCR. DCR shall review the relocation request and notify the Licensee if the new proposed Business Premises location is subject to denial pursuant to Section 104.04(b). If the proposed location is not subject to denial pursuant to Section 104.04(b), the Licensee shall submit a new Annual License Application and pay all applicable application fees. The new Annual License Application shall be processed in accordance with Section 104.06. If an Annual License is issued, the Licensee shall pay the Business Premises Relocation Fee pursuant to Section 104.19. If the relocation is deemed to be a discretionary project under CEQA, compliance with CEQA shall follow the procedures in Section 104.06(d).

(A) Licensees authorized to conduct Commercial Cannabis Activities for cultivation (Types 1A, 1C, 2A, 3A, 5A), volatile manufacturing (Type 7), and Storefront Retailer Commercial Cannabis Activity (Type 10) may relocate within the same Community Plan Area or to a Community Plan Area that has not reached Undue Concentration.

(B) Licensees authorized to conduct Commercial Cannabis Activities not identified in Subparagraph (A) may relocate to another location within the City.

(C) Licensees shall meet the Temporary Approval or Operating Permit requirements at the new Business Premises before conducting Commercial Cannabis Activity at the new Business Premises. Licensees shall request cancellation of the License(s) issued to the Business Premises from which it seeks to relocate before Temporary Approval or an Operating Permit can be issued for the new Business Premises.

(D) Any Temporary Approval or Operating Permit issued for Storefront Retailer Commercial Cannabis Activity (Type 10) at the original Business Premises shall expire no later than 180 days from the date the new Annual License Application Fee for the new Business Premises is paid. DCR may, in its sole discretion, grant an extension beyond the initial 180 days by allowing a Licensee to renew, in 90 day increments, a Temporary Approval or Operating Permit issued at the prior Business Premises location if it would not prevent DCR from issuing a Temporary Approval or Operating

Permit to another commercial cannabis business. The original Business Premises for a Licensee approved to relocate shall not be considered for the purposes of distancing requirements under LAMC Section 105.02(a)(1)(B) during the initial 180 day period.

(ii) **Physical Modification of Business Premises.** Licensees shall not perform interior physical modifications, alterations, additions, or expansions of the Business Premises without written approval from DCR. DCR may require: (1) a copy of an executed lease with proof of a deposit or property deed if the expansion includes additional adjacent units; (2) landowner acknowledgment that the Licensee has the right to occupy the Business Premises; (3) an updated Business Premises diagram; (4) any additional documents or information DCR deems necessary to consider the request; and (5) an inspection.

(A) Licensees may increase the cultivation area within the existing Business Premises provided that the resulting cultivation area does not exceed the maximum cultivation area allowed for the license type under which the License was issued.

(iii) **Entity Substitutions.** A Licensee, in good standing with the City, may submit a request to transfer the License to a new Person. Once the entity substitution request modification is approved, Licenses may be transferred to a new Person provided a new Annual License Application is filed for the new Person, and all required Application fees are paid. The new Annual Application shall be processed pursuant to Section 104.06. Any previously-issued License shall be canceled before a License is issued to the new Person. The new Person shall not operate until a new Temporary Approval or Operating Permit has been issued by DCR. An entity substitution request shall include notarized signatures from the Authorized Agent, as defined in DCR's Rules and Regulations. If an Authorized Agent has not been designated, notarized signatures are required from a majority of the Owners that own the Licensee entity directly without any intervening entities or Persons. If an Owner is an entity, the CEO or President, or equivalent executive position, may sign on behalf of the entity. If the License is subject to the requirements of Section 104.20, the request shall also include a notarized signature from the Social Equity Individual Applicant(s) associated with the License.

Sec. 8. Subdivision 9 of Subsection (c) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

9. **Operating Permit.** Operating Permits are not transferable or assignable to another Person. If a Licensee has been issued an Operating Permit for the Business Premises from which it seeks to relocate, the Licensee shall request cancellation of its Operating Permit at the original Business Premises before an Operating Permit for the new Business Premises may be issued. The Licensee shall meet all Temporary Approval or Operating Permit requirements at the new Business Premises prior to conducting Commercial Cannabis Activity. Any Temporary Approval or Operating Permit issued for the Storefront Retailer Commercial Cannabis Activity (Type 10) at the original Business Premises shall expire no later than 180 days from the date the Business Premises Relocation Fee is paid. DCR may, in its sole discretion, grant an extension beyond the initial 180 days by allowing a Licensee to renew, in 90 day increments, a Temporary Approval or Operating Permit issued at the prior Business Premises location if it would not prevent DCR from issuing a Temporary Approval or Operating Permit to another commercial cannabis business. The original Business Premises for a Licensee approved to relocate shall not be considered for the purposes of distancing requirements under LAMC Section 105.02(a)(1)(B) during the initial 180-day period.

Sec. 9. Subsection (g) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is deleted and replaced in its entirety to read as follows:

(g) **Filing.** Unless otherwise specified, any record, including but not limited to a Legal Business Entity Record, Pre-Application Record, Annual License Application, renewal record, or modification record, shall be filed following: (1) the submission of all required and completed information, forms, and documents through the DCR Licensing Portal for that particular Application, renewal, or modification process; and (2) the payment of all relevant fee(s) pursuant to Section 104.19 for that Application, renewal, or modification process. The date of filing shall be the date the payment clears at the City's Office of Finance, or the date that DCR determines the information, forms, and documents are complete, whichever is later.

Sec. 10. Subsection (h) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(h) **Refiling Applications.** An Applicant may refile an Annual License Application subject to the requirements of this subsection if the Annual License Application was deemed abandoned under Section 104.03(f) after January 1, 2022. An Applicant also may refile an Annual License Application subject to the requirements of this subsection if the Applicant possessed a License that expired under Section 104.12. Applications abandoned after June 30, 2023, may not be refiled unless the Application was deemed filed pursuant to Section 104.06(a). To refile, the Applicant shall be in good standing with the requirements of this article and shall not be delinquent on any

City tax, fee, fine, or fee payments previously deferred. The refiled Application shall be submitted by the original Applicant entity. If the Applicant has an active corresponding State provisional license, DCR may grant Temporary Approval through the Applicant's Annual License Application. The refiling process shall be initiated through the DCR Licensing Portal within three (3) years of the date DCR notifies the Applicant by electronic mail that the original Application is abandoned or expired.

1. To refile, the Applicant shall submit a new Pre-Application Record pursuant to Section 104.03(a). If DCR determines the proposed Business Premises location complies with Section 104.04(b), the Applicant shall submit an Annual License Application with all required information, forms and documents within one (1) calendar year of the date DCR notifies the Applicant by electronic mail that the Pre-Application Record is eligible for further processing. If an Annual License Application is not filed within one (1) calendar year, the Pre-Application shall be abandoned. If a Pre-Application Record filed pursuant to this subsection is ineligible, withdrawn, or abandoned, the Applicant may submit a new Pre-Application Record(s) identifying new Business Premises location(s), subject to the payment of any applicable fee in Section 104.19, and provided that the new Pre-Application Record(s) is submitted within the original three (3) year time limitation.

2. The refiled Application may not seek authorization to conduct any Commercial Cannabis Activities that were not listed in the original Application. A refiled Application is not subject to a finding of Undue Concentration provided it is refiled in the same Community Plan Area as the original Application or a Community Plan Area that has not reached Undue Concentration. Applications originally subject to a finding of public convenience or necessity under Section 104.03(a)(1) shall be refiled at the same proposed Business Premises.

3. A refiled Annual License Application that is later deemed abandoned for any reason may not be refiled.

4. An Application abandoned, for any reason, prior to January 1, 2022, may not be refiled.

5. An Application previously denied, denied by operation of law, or deemed ineligible for further processing may not be refiled.

Sec. 11. Subsection (i) of Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended, without effect to its subdivisions, to read as follows:

(i) **Processing Timeframes.** Application and modification processing shall occur within the timeframes specified in this subsection. Processing timeframes begin upon the filing of the relevant Application or modification record pursuant to Section

104.03(g). Processing timeframes shall be automatically suspended when DCR's personnel vacancy rate is 20% or higher.

Sec. 12. Subsection (a) of Section 104.04 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(a) **General Denial Reasons.** With no hearing and based upon written findings supported by evidence in the record, the issuance of Temporary Approval, an Annual License, or the renewal of Temporary Approval or an Annual License, may be denied for any of the following reasons:

1. The Applicant or Licensee denied DCR employees or agents access to the Business Premises;
2. The Applicant or Licensee procured the License by fraud or deceit, made a material misrepresentation, false statement, or knowingly failed to disclose a material fact;
3. The Applicant or Licensee failed to timely provide DCR with requested information, forms or documents;
4. The Applicant or Licensee was denied a license, permit or other authorization to engage in Commercial Cannabis Activity by the State of California;
5. Issuance of a License would create a significant public safety problem as documented by a law enforcement agency;
6. The Applicant or Licensee failed to adhere to the requirements of this article or the Rules and Regulations;
7. The Applicant or Licensee engaged in unlicensed Commercial Cannabis Activity in violation of Section 104.15;
8. Temporary Approval or an Operating Permit has been denied, suspended, or revoked;
9. The Applicant or Licensee failed a Business Premises inspection by DCR, another City agency, or the Los Angeles County Department of Public Health, or was denied a license, permit, or other authorization required to engage in Commercial Cannabis Activity by any other agency; or
10. If the Application is subject to Section 104.20, the Applicant or Licensee failed to comply with any requirement in Section 104.20.

Sec. 13. Subdivisions 9 and 10 of Subsection (b) of Section 104.04 of Article 4, Chapter X of the Los Angeles Municipal Code are amended, and a new Subdivision 11 is added to read as follows:

9. For a period of five years from the date of any utility disconnection if the Business Premises is located on a parcel of land that was the site of a disconnection of utilities under Section 104.15(e);

10. For a period of five years from the date of any padlocking if the Business Premises is located on a parcel of land that was the site of padlocking under Section 104.15.1; or

11. For a period of five years from the date of any citation if the Business Premises is located on a parcel of land that was the site of a citation issued under the City's Administrative Citation Enforcement Program for a violation of Section 104.15, on or after January 1, 2018.

Sec. 14. Subsection (e) of Section 104.04 of Article 4, Chapter X of the Los Angeles Municipal Code is amended, without effect to its subdivisions, to read as follows:

(e) **Suspension for Unlicensed Activity or Life Safety Violations.** DCR may immediately suspend a Temporary Approval or Operating Permit without a hearing based upon DCR's discovery or notice from another city, state or public agency that: (1) the Licensee's use of or conduct at the Business Premises poses an imminent threat to life or public safety; (2) the Licensee is conducting Commercial Cannabis Activity without all necessary permits, inspections or similar clearances from the City, state or other public agency; or (3) the Licensee is conducting Commercial Cannabis Activity without an active State License for that Commercial Cannabis Activity. After suspension, the Licensee may request an administrative hearing pursuant to Section 104.14. A Licensee may not conduct Commercial Cannabis Activity while the Temporary Approval or Operating Permit is suspended.

Sec. 15. Subsection (a) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) **Annual License Application – Filing.** An Annual License Application shall be filed following: (i) the issuance of Temporary Approval pursuant to Section 104.05 or a determination that the Pre-Application Record is eligible for further processing pursuant to Section 104.03(a); (ii) the submission to DCR's Licensing Portal of all completed Annual License Application information, forms, and documents required by the Rules and Regulations; (iii) the submission of a complete project description pursuant to Subsection (d); (iv) the payment of the applicable application fee(s) for each Commercial Cannabis Activity pursuant to Section 104.19; and (v) payment of the applicable environmental assessment fee(s) pursuant to Section 104.19. DCR may request additional information and documents from the Applicant at any time during

application processing, subject to payment of any fees under Section 104.19. The Annual License Application shall be abandoned if requested information, forms, or documents are not submitted, or fees are not paid, within the allotted time.

Sec. 16. Subsection (b) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(b) Annual Licenses for Storefront Retailer Commercial Cannabis Activity (Type 10).

1. Within 30 days of the filing of an Annual Application for Storefront Retailer Commercial Cannabis Activity pursuant to Subsection (a), DCR shall send a Notice of Complete Application by electronic mail to: (1) the Applicant; (2) the closest Neighborhood Council; (3) the relevant business improvement district, if one exists; and (4) the City Council Office within which the Business Premises is situated. The notice shall contain the following information: purpose of the notice, name of the Applicant, Application number, Business Premises address, Commercial Cannabis Activities requested, and the Council District and Community Plan Area in which the Business Premises is located. The notice shall also inform interested parties about how to provide DCR with information about the Application. DCR shall also post the notice to its website.

(i) After receipt of the Notice of Complete Application, the Applicant shall pay the required notice fees pursuant to Section 104.19(d), the Community Meeting Fee and Cannabis Regulation Commission Hearing Fee pursuant to Section 104.19(e), as well as any outstanding fees, within 30 days from the date of the invoice.

(ii) Within 10 days of receipt of the Notice of Complete Application for Storefront Retailer, the Applicant or a designated representative shall contact the Neighborhood Council in which the Storefront Retailer Commercial Cannabis Activity is located and offer to appear before the Neighborhood Council to address questions about the Application. Written evidence of the Applicant's offer to appear shall be provided to DCR, such as an email to the Neighborhood Council or a copy of the meeting minutes. If the Applicant fails to contact the Neighborhood Council, DCR may request a continuation of the Applicant's Commission hearing.

(iii) Within 45 days of sending a Notice of Complete Application, DCR shall conduct a community meeting via video or telephone conferencing. DCR shall provide notice of the community meeting no less than 20 days prior to the date of the community meeting.

(A) The notice of meeting shall contain the following information: date, time and place where the meeting or public

hearing will be held, or if the meeting will be held via video or telephone conferencing, a link to the virtual meeting. The notice also shall include: the purpose of the meeting, name of the Applicant, Application number, Business Premises address, Commercial Cannabis Activities requested, and the Council District and Community Plan Area in which the Business Premises is located. The notice shall inform interested parties how to provide DCR with information about the Application.

(B) DCR shall send the notice by U.S. mail to: (1) the Applicant; and (2) the owners and occupants of all property within 700 feet of the property line of the lot on which the proposed Business Premises is located. For the purpose of notification of property owners, the last known name and address of owners as shown on the records of the City Engineer or the records of the County Assessor shall be used. For occupants, the notice shall be addressed to "occupant" and mailed to all property addresses within the 700-foot radius.

(C) DCR shall post the notice on its website and shall send the notice by electronic mail to: (1) the closest Neighborhood Council; (2) the relevant business improvement district, if one exists; and (3) the City Council Office within which the Business Premises is situated.

(D) DCR shall provide the Applicant with a notice by electronic mail that the Applicant shall post in a conspicuous place on the Business Premises. The posted notice shall be printed by the Applicant on a minimum of 11" x 17" paper size with a minimum 20 font size. The notice shall be posted immediately upon receipt.

(iv) At the community meeting, DCR shall accept written and oral testimony regarding the Application and then prepare a written report to the Commission summarizing the testimony in favor and against the Application.

2. Within 90 days of the date DCR sends a Notice of Complete Application, DCR shall either deny the issuance of the Annual License with no hearing, or make a recommendation to the Commission to issue the Annual License. The date of the recommendation shall be the date when DCR transmits its report to the Commission for consideration. Except as otherwise permitted under Sections 104.03(a)(1) and 104.07, Type 10 Licenses shall be limited to only Social Equity Applicants, as defined in Section 104.20, until December 31, 2025.

(i) DCR or the Commission may deny the issuance of an Annual License based on written findings for any of the reasons listed in Section 104.04.

(ii) DCR's decision to deny the issuance of the Annual License is final and effective upon the close of the 15-day appeal period if not timely appealed to the Commission by the Applicant as provided in Section 104.10. There is no further appeal to the City Council. A final denial or exhaustion of all administrative appeals shall terminate any active Temporary Approval.

(iii) If DCR recommends approval of the Application, the Commission shall make the determination whether to issue the Annual License after it conducts a public hearing. Notice of the hearing shall be provided as described in Subsection (b)(1)(iii)(A) - (D) no less than 20 days prior to the date of the hearing.

(iv) The Commission shall consider the decision by DCR to recommend approval of the Application, the written summary of the community meeting prepared by DCR, the record before DCR, and any written information and oral testimony timely provided to the Commission.

(v) The Commission's decision to deny the issuance of the Annual License is final and effective upon the close of the 15-day appeal period if not timely appealed to the City Council by the Applicant as provided in Section 104.10. A final denial of an Annual License after exhaustion of all administrative appeals shall terminate any active Temporary Approval.

(vi) The Commission may approve the issuance of the Annual License with written findings supported by evidence in the record that the Applicant and Business Premises meet the requirements of this article. The Commission may impose conditions to address public safety concerns based on evidence in the record. The Commission shall not approve the issuance of an Annual License for an Applicant subject to a finding of Undue Concentration unless the City Council has found that approval of the Application would serve a public convenience or necessity. The issuance of an Annual License is not appealable.

3. If at any time during the processing of an Annual License Application it is discovered that an Annual License Application has been improperly prepared, required information, forms or documents have not been submitted in accordance with this article or the Rules and Regulations, or Applicant or Licensee is subject to a pending compliance inspection or investigation by DCR, upon notification to the Applicant or Licensee, processing of that Annual License Application shall be suspended until the Annual License

Application has been corrected or the required information, forms or documents are provided, or the compliance inspection or investigation has been fully resolved. Within 90 days of the date the corrected or required information, forms or documents are provided to DCR, or DCR determines the compliance inspection or investigation has been fully resolved, DCR shall either deny the issuance of the Annual License with no hearing, or make a recommendation to the Commission to issue the Annual License.

4. Unless the Licensee holds an active Temporary Approval, the issuance of an Annual License shall not authorize the Licensee to conduct Commercial Cannabis Activity until an Operating Permit is issued pursuant to Subsection (e). After an Annual License is issued, the Licensee shall obtain an Operating Permit before conducting Commercial Cannabis Activity.

5. After the issuance of an Annual License by the Commission, DCR may deny the renewal of the Annual License for any of the reasons stated in Section 104.04 based upon written findings supported by evidence in the record. The Licensee may request an administrative hearing pursuant to Section 104.14.

Sec. 17. Subsection (c) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended, without effect to its subdivisions, to read as follows:

(c) **Annual Licenses for All Other Commercial Cannabis Activity.** For Commercial Cannabis Activity that is not Storefront Retailer Commercial Cannabis Activity, within 30 days of the filing of an Annual Application pursuant to Subsection (a), DCR shall send a Notice of Complete Application by electronic mail to the Applicant. DCR shall either deny the issuance of the Annual License with no hearing at any time during application processing, or, within 90 days of the date DCR sends a Notice of Complete Application, approve the issuance of the Annual License with no hearing. Except as otherwise permitted under Sections 104.07 and 104.08, Types 1A, 1C, 2A, 3A, 4, 5A and 9 Licenses shall be limited to only Social Equity Applicants, as defined in Section 104.20, until December 31, 2025.

Sec. 18. Subdivision 3 of Subsection (c) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

3. If at any time during the processing of an Annual License Application it is discovered that an Annual License Application has been improperly prepared, required information, forms or documents have not been submitted in accordance with this article or the Rules and Regulations, or the Licensee is subject to a pending compliance inspection or investigation by DCR, upon notification to the Applicant, processing of that Annual License Application shall be suspended until the Annual License Application has been corrected or the required information, forms or documents are provided, or the compliance inspection or investigation has been fully resolved. Within 90 days of the date

the corrected or required information, forms or documents are provided to DCR, or DCR determines the compliance inspection or investigation has been fully resolved, DCR shall either deny the issuance of the Annual License with no hearing, or make a recommendation to the Commission to issue the Annual License.

Sec. 19. Subdivision 6 of Subsection (c) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code shall be deleted. Subdivision 7 of Subsection (c) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code shall be renumbered to 6.

Sec. 20. Subsection (d) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(d) Type 10 Application Processing – Round 3.

1. **Applicant Eligibility Verification.** DCR shall establish a 15 day eligibility verification period for individuals to apply for verification under the eligibility criteria in Section 104.20(a)(3). An Applicant shall pay the SEIA Eligibility Verification Fee pursuant to Section 104.19(a) within 30 days of being issued an invoice by DCR. After the close of the 15 day eligibility verification period, DCR shall review eligibility verification submissions and notify the Applicant by electronic mail if there are deficiencies. The Applicant shall have 7 days from the date of the notification to submit documentation to correct any identified deficiencies. DCR's determination of whether an individual is a Social Equity Individual Applicant shall be made with no hearing, is final and not appealable.

2. **Registration Period.** DCR shall, on a date beginning at its sole discretion, accept registrations for an Application lottery under this subsection for a period of 7 calendar days from verified Social Equity Individual Applicants.

3. **Social Equity Individual Applicant.** To be eligible to participate in the Application lottery pursuant to Subsection (d)(4), the Applicant shall have an individual Owner that is a Social Equity Individual Applicant previously verified pursuant to Sections 104.20(a)(1) or (a)(2), or verified pursuant to Section 104.20(a)(3). A Social Equity Individual Applicant shall be disqualified from participating in the Application lottery for any of the offenses specified in Section 104.04(c) or (d).

4. **Application Lottery.** Verified Social Equity Individual Applicants who have registered pursuant to subdivision 2 shall be entered into an Application lottery. DCR may identify as many Social Equity Individual Applicants eligible for further processing through an Application lottery as there are total available Licenses in Community Plan Areas that have not reached Undue Concentration. Three separate drawings shall be held: (1) Social Equity

Individual Applicants previously verified pursuant to Section 104.20(a)(1); (2) Social Equity Individual Applicants previously verified pursuant to Section 104.20(a)(2); and (3) Social Equity Individual Applicants verified pursuant to Section 104.20(a)(3). A Social Equity Individual Applicant may register for only one drawing. The number of Licenses available in each drawing shall be proportional to the number of registered individuals for that drawing. Social Equity Individual Applicants shall be randomly selected during the lottery, which shall take place at a location, date and time determined by DCR in its sole discretion. DCR shall post a notice at least 15 days prior to the lottery, which shall include the procedures and protocol to conduct the lottery and information regarding how the public can view or live stream the event. Applications drawn at the lottery shall be processed pursuant to Section 104.06.1(d)(5).

5. **Business Premises.** Social Equity Individual Applicants selected during the Application lottery shall have until two (2) years from the date of the Application lottery to submit their Pre-Application Record using a compliant property in any Community Plan Area that has not reached Undue Concentration on a first come, first served basis until each Community Plan Area has reached Undue Concentration. Social Equity Individual Applicants shall submit a Pre-Application Record through the DCR Licensing Portal, including all information, forms, and documents, as determined by DCR, and pay a Pre-Application Review Fee pursuant to Section 104.19 for DCR to determine the eligibility of a proposed Business Premises location pursuant to Section 104.03(a) and Article 5 of Chapter X of this Code. Pre-Application Records shall be processed by DCR in the order filed pursuant to Section 104.03(g). A Social Equity Individual Applicant whose Business Premises location is deemed ineligible under Section 104.03(a) or Article 5 of Chapter X of this Code shall be permitted to submit new Pre-Application Record(s) identifying new Business Premises location(s), subject to the payment of any applicable fee in Section 104.19, and provided that the new Business Premises location(s) is submitted prior to the expiration of the original two (2) year period. If the Pre-Application Record is eligible for further processing, the Social Equity Individual Applicant shall submit an Annual License Application through the DCR Licensing Portal, including all required information, forms, and documents, within one (1) calendar year of the date DCR notifies the Applicant by electronic mail that the Pre-Application Record is eligible for further processing.

6. **Additional Application Lottery.** If additional capacity is available in any Community Plan Area after a lottery ends, DCR will hold another lottery pursuant to this subsection.

7. **Application Fees.** An Applicant shall pay all required application fees pursuant to Section 104.19 within 30 days of being issued an invoice by DCR, or the application shall be deemed abandoned.

Sec. 21. Subdivision 1 of Subsection (e) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Applicant Eligibility Verification.** Social Equity Individual Applicants verified pursuant to Section 104.20(a) may participate in application processing under this subsection. DCR's determination of whether an individual is a Social Equity Individual Applicant shall be made with no hearing, is final and not appealable.

Sec. 22. Subdivision 1 of Subsection (f) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Applicant Eligibility Verification.** Social Equity Individual Applicants verified pursuant to Section 104.20(a) may participate in application processing under this subsection. DCR's determination of whether an individual is a Social Equity Individual Applicant shall be made with no hearing, is final and not appealable.

Sec. 23. Subdivision 1 of Subsection (b) of Section 104.13 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Administrative Penalties.** In addition to any of the remedies and penalties set forth in this article or any other law, DCR may impose administrative penalties on a Licensee using the violation classifications in the Rules and Regulations and the fine amounts specified in Section 104.19. Repeat violations may result in escalation to a higher class of violation. DCR may use any legal remedy available to collect unpaid administrative penalties, including, but not limited to, civil action, injunctive relief, specific performance, and the recordation of a lien or tax assessment, or a notice of the administrative violation against real property pursuant to the procedures set forth in this Code and in accordance with applicable law. DCR shall also be entitled to recover all attorney's fees and costs incurred to collect unpaid administrative penalties.

Sec. 24. Subdivision 1 of Subsection (e) of Section 104.13 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Notice of Suspension.** In addition to any of the remedies and penalties set forth in this article or any other law, DCR may suspend Temporary Approval, an Annual License or an Operating Permit by issuing a Notice of Suspension by electronic mail to the Licensee for the reasons listed in Section 104.04(e). The Licensee may request an administrative hearing pursuant to Section 104.14. DCR may reinstate the Temporary Approval, Operating Permit or Annual License if the Licensee completes any corrective action(s) to remedy the violation, or if a hearing officer orders reinstatement following an administrative hearing. DCR shall issue a Letter of Reinstatement if the Operating Permit or Temporary Approval is reinstated.

Sec. 25. Subdivision 2 of Subsection (e) of Section 104.13 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

2. **Notice of Revocation.** In addition to any of the remedies and penalties set forth in this article or any other law, DCR may revoke Temporary Approval, an Annual License, or an Operating Permit by issuing a Notice of Revocation by electronic mail to the Licensee after considering the following factors: (1) the extent of harm or potential harm caused by the violation; (2) the nature and persistence of the violation; (3) the length of time over which the violation occurred; (4) the history of past violations; and (5) any mitigating evidence. The Licensee may request an administrative hearing pursuant to Section 104.14.

Sec. 26. Subdivision 5 of Subsection (f) of Section 104.14 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

5. For hearings pursuant to subsection (a)(1)-(4), within 30 days of the conclusion of the hearing, the hearing officer shall issue a written decision that includes a statement of the factual and legal basis of the decision. For hearings pursuant to subsection (a)(5), within 72 hours of the conclusion of the hearing, the hearing officer shall issue a written decision that includes a statement of the factual and legal basis of the decision. The hearing officer shall use a de novo standard of review and may uphold or reject, in whole or in part, DCR's action. The hearing officer may waive or reduce the administrative penalties in an NOV after considering the factors specified in 104.13(b).

Sec. 27. Subsection (a) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(a) **Social Equity Individual Applicant (SEIA) Requirements.**

1. **2019 SEIA Criteria.** Except for Tier 3 Applicants, as defined in Section 104.20(a)(1)(A), an Applicant that submitted an Application subject to Section 104.08 by September 13, 2018, or submitted an application for program eligibility verification during the verification period between May 28, 2019, and July 29, 2019, or met the criteria in this subsection for a Commercial Cannabis Activity License pursuant to Section 104.06.1(b).

(i) **SEIA – Individual Eligibility Verification.** An individual subject to this subsection shall be verified as a Social Equity Individual Applicant. A Social Equity Individual Applicant may be further verified as a Tier 1 Social Equity Individual Applicant, Tier 2 Social Equity Individual Applicant, or a Tier 3 Applicant in accordance with the definitions and criteria in this subsection.

(ii) The following definitions shall apply in this subsection:

(1) **“California Cannabis Arrest or Conviction”** means an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. An arrest, prosecution or conviction for a violation of Proposition D, as codified in former Article 5.1 of Chapter IV of the Los Angeles Municipal Code, notwithstanding that Proposition D has been repealed, is not a California Arrest or Cannabis Conviction. A Social Equity Applicant with a California Cannabis Arrest or Conviction shall be ineligible to apply for a License in any of the circumstances specified in Section 104.04(c) and (d), subject to the time restrictions therein.

(2) **“Disproportionately Impacted Area”** means eligible zip codes based on the “More Inclusive Option” as described on page 23 of the “Cannabis Social Equity Analysis Report” commissioned by the City in 2017, and referenced in Regulation No. 8 of the Rules and Regulations, or as established using the same methodology and criteria in a similar analysis provided by an Applicant for an area outside of the City.

(3) **“Low Income”** means 80 percent or below of Area Median Income for the City based on the 2016 American Community Survey and updated with each decennial census.

(4) **“Tier 1 Social Equity Individual Applicant”** is an individual who meets the following criteria at the time of applying for a license: (1) Low Income and prior California Cannabis Arrest or Conviction; or (2) Low Income and a minimum of five years’ cumulative residency in a Disproportionately Impacted Area.

(5) **“Tier 2 Social Equity Individual Applicant”** is an individual who meets the following criteria at time of applying for a license: (1) Low Income and a minimum of five years’ cumulative residency in a Disproportionately Impacted Area; or (2) a minimum of 10 years’ cumulative residency in a Disproportionately Impacted Area.

(6) **“Tier 3 Applicant”** is a Person who applied for a Commercial Cannabis Activity License under Section 104.08 and does not meet the criteria of a Tier 1 Social Equity Individual Applicant or Tier 2 Social Equity Individual Applicant.

2. 2022 SEIA Criteria. An individual subject to this subsection shall be verified as a Social Equity Individual Applicant in accordance with the definitions and criteria in this subsection.

(i) **“Social Equity Individual Applicant”** means an individual who meets two of the following three criteria: (1) Low Income; (2) a prior California Cannabis Arrest or Conviction; (3) ten years’ cumulative residency in a Disproportionately Impacted Area. For the purposes of Section 104.06.1(c), **“Social Equity Individual Applicant”** means an individual with a prior California Cannabis Arrest or Conviction and who also meets one of the following two criteria: (1) Low Income; or (2) ten years’ cumulative residency in a Disproportionately Impacted Area.

(ii) The following definitions shall apply in this subsection:

(1) **“Asset”** means net assets at or below four times the Low Income thresholds based on Household Size. Examples of liquid accounts that shall be disclosed include but are not limited to, saving accounts, checking accounts, certificates of deposit, money market accounts, stocks, trusts, and gifts. Qualified retirement accounts and an applicant’s primary residence shall be excluded for purposes of the calculation, but other forms of real estate shall be included. Such retirement accounts are limited to accounts that are intended for retirement and that would incur a penalty if withdrawn before a specified retirement age per each account.

(2) **“Household Size”** means the number of individuals that meet any of the following criteria:

(A) All spouses or domestic partners must be included in the household and must appear in the submission content.

(B) All household members who are under 18 years of age must be the legal dependent of an adult household member, except in the case of emancipated minors, as claimed on the most recent income tax return, or legal minor children of title holders. All household members who are under 18 years of age must be the legal dependent or emancipated minor of an adult household member, as claimed on the most recent income tax return.

(C) Pregnant Applicants will be counted as two household members only with verifiable medical documentation.

(D) Temporarily absent household members who intend to live in the residence upon return may be considered, if verifiable documentation supporting their absence is provided. Such household members include, but are not limited to, household members serving temporarily in the armed forces, or who are temporarily institutionalized.

(E) Neither live-in assistants nor foster children will be counted toward Household Size. Individuals not listed on the Social Equity Individual Applicant's most recent tax return, such as elderly relatives, live-in assistants, and foster children will not be counted toward Household Size.

(3) **"California Cannabis Arrest or Conviction"** means an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. An arrest, prosecution or conviction for a violation of Proposition D, as codified in former Article 5.1 of Chapter IV of the Los Angeles Municipal Code, notwithstanding that Proposition D has been repealed, is not a California Arrest or Cannabis Conviction. A Social Equity Applicant with a California Cannabis Arrest or Conviction shall be ineligible to apply for a License in any of the circumstances specified in Section 104.04(c) and (d), subject to the time restrictions therein.

(4) **"Disproportionately Impacted Area"** means Police Reporting Districts as established in the Expanded Social Equity Analysis, or as established using the same methodology and criteria in a similar analysis provided by an Applicant for an area outside of the City.

(5) **"Low Income"** means both of the following definitions are met: (1) the Social Equity Individual Applicant meets the low-income thresholds established in the annual U.S. Department of Housing and Urban Development (HUD) income limits based upon the Area Median Income (AMI) for Los Angeles County based on household size; and (2) the Social Equity Individual Applicant does not have Assets in excess of the amount as defined in this subsection. For the purpose of assessing whether the low-income threshold has been met, DCR shall calculate the Household Size based on the criteria in Subsection (a)(2)(ii)(2).

3. 2025 SEIA Criteria. An individual subject to this subsection shall be verified as a Social Equity Individual Applicant in accordance with the definitions and criteria in this subsection.

(i) **“Social Equity Individual Applicant”** means an individual who meets the following two criteria: (1) Low Income; and (2) a prior Cannabis Arrest or Conviction.

(ii) The following definitions shall apply in this subsection:

(1) **“Cannabis Arrest or Conviction”** means an arrest or conviction for any crime under the laws of any State, any of its political subdivisions, or the United States, relating to the sale, possession, use, manufacture, or cultivation of Cannabis. An arrest, prosecution or conviction for a violation of Proposition D, as codified in former Article 5.1 of Chapter IV of the Los Angeles Municipal Code, notwithstanding that Proposition D has been repealed, is not a Cannabis Arrest or Conviction. A Social Equity Applicant with a Cannabis Arrest or Conviction shall be ineligible to apply for a License in any of the circumstances specified in Section 104.04(c) and (d), subject to the time restrictions therein.

(2) **“Low Income”** means both of the following definitions are met: (1) the Social Equity Individual Applicant meets the low-income thresholds established in the annual U.S. Department of Housing and Urban Development (HUD) income limits based upon the Area Median Income (AMI) for the county in which the Person resides or which is closest to the Person's home address; and (2) the Social Equity Individual Applicant does not have Assets in excess of the amount as defined in Subsection (a)(2)(ii)(1). For the purpose of assessing whether the low-income threshold has been met, DCR shall calculate the Household Size based on the criteria in Subsection (a)(2)(ii)(2).

Sec. 28. Subsection (b) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(b) **Social Equity Applicant Requirements.**

1. **Social Equity Applicant – Entity Eligibility Verification.** An Applicant shall comply with the Equity Share criteria in this subdivision before a License is issued or renewed. Upon a Social Equity Applicant's request, DCR may conduct an Equity Share review under this subsection for the Applicant entity prior to the filing of a complete Application, subject to the payment of the Equity Share Documents / Social Equity Agreement Review Fee pursuant to Section 104.19. This Equity Share review may replace the required Equity Share review during the Application process, provided that the Social Equity Applicant attests that there are no changes to ownership since the original Equity Share review was conducted and that there are no additional or new agreements that were not previously disclosed to DCR during the original Equity Share review.

DCR may conduct a new Equity Share review if there are changes to ownership, operating agreements, bylaws, or other agreements or material facts related to compliance with this subsection that were not disclosed during the original review.

(i) **Ownership Percentage.** One or more Social Equity Individual Applicants shall own no less than an aggregate 51% Equity Share in the Person to whom the License is issued. A sufficient number of Social Equity Individual Applicants, individually or through an entity, shall be disclosed to evidence that the owner(s) of the Applicant or Licensee meets the aggregate 51% Equity Share requirement. Social Equity Individual Applicants with less than a 20% aggregate ownership stake or equity interest in the Applicant or Licensee may be included in the aggregate total. Aggregate means the total ownership interest held individually or through an entity. For example, an individual owning 50% of an entity that owns 50% of a Licensee has a 25% aggregate ownership interest in the Licensee.

(ii) **“Equity Share”** means all of the following:

(1) **Unconditional ownership of the Equity Share.** The Equity Share shall not be subject to conditions precedent, conditions subsequent, executory agreements, voting trusts, restrictions on or assignments of voting.

(2) **Profits, dividends, and distributions.** Social Equity Individual Applicants shall receive all of the following:

(A) At least their Equity Share percent of the distribution of profits paid to the owners of the Social Equity Applicant or Licensee;

(B) 100 percent of the value of each share of stock, member interest, partnership interest, or other equivalent owned by them in the event that the stock, member interest, or partnership interest is sold; and

(C) At least their Equity Share percent of the retained earnings of the Social Equity Applicant or Licensee and 100 percent of the unencumbered value of each share of stock, member interest, or partnership interest owned in the event of dissolution of the corporation, limited liability company, or partnership.

(3) **Voting rights and control.** Social Equity Individual Applicants shall receive the following at all times:

(A) At least their Equity Share percent of the voting rights on all business decisions, including, but not limited to, long-term decisions, daily business operations, retention and supervision of the executive team, managers, and management companies, and the implementation of policies.

(B) The highest officer position in the Social Equity Applicant or Licensee, such as the position of chief executive officer, unless another natural person is appointed to that position by mutual agreement of the parties.

(4) **Successors.** The Equity Share shall not be subject to arrangements causing or potentially causing ownership benefits in the Social Equity Applicant or Licensee to go to another in any circumstance other than after death or incapacity. In the case of death or incapacity, a Social Equity Individual Applicant shall identify a natural person(s) as the Social Equity Individual Applicant's own successor in interest or assignee of their Equity Share. If a Social Equity Individual Applicant dies, the Social Equity Applicant or Licensee will continue to qualify under this Section with the requisite Equity Shares so long as the successor in interest of the deceased Social Equity Individual Applicant inherits or otherwise acquires all of such individual's ownership interest in the Social Equity Applicant or Licensee. The natural person(s) may subsequently identify an entity, such as a trust, to hold the interest. Upon the death of the Social Equity Individual Applicant or Licensee, the Social Equity Applicant shall notify DCR within 30 days of their death. The Social Equity Applicant shall provide a certified copy of the death certificate and update the contact information on file with DCR within 60 days of the death.

(iii) **Additional Equity Share Requirements.**

(1) All Owners shall: (1) comply in all respects with the Equity Share criteria and requirements in this section ("Equity Share Requirements") in dealings with one another; (2) keep records evidencing their compliance; and (3) on the other party's reasonable request, provide these records of compliance to the other party.

(2) Any action or inaction taken by a party in violation of the Equity Share Requirements shall entitle the other party to initiate a legal action in the Superior Court of Los Angeles, including, but not limited to, an action for specific performance,

declaratory relief, or injunctive relief, to enforce the Equity Share Requirements against the other party.

(3) Any annual License(s) issued to a Social Equity Applicant may be suspended or revoked, or a License renewal denied, if it can be shown, by a preponderance of the evidence, that any provision in an operating agreement, contract, business formation document, or any other agreement between Owners of the Social Equity Applicant violates any of the Equity Share Requirements and is not cured within the time allotted by DCR.

(4) All Owners are required to incorporate the following addendum into operating agreement documents to evidence compliance with Equity Share Requirements: "To the extent that any provision of this agreement, or part thereof, is or may be construed to be inconsistent with or in violation of the "Equity Share" requirements set forth in Los Angeles Municipal Code section 104.20, such provision(s) shall be ineffective, unenforceable, and null and void."

Sec. 29. Subdivision 1 of Subsection (f) of Section 104.23 of Article 4, Chapter X of the Los Angeles Municipal Code is removed, and Subdivisions 2 through 5 are renumbered accordingly.

Sec. 30. Subdivision 2 of Subsection (f) of Section 104.23 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. A Business Premises with a License or Temporary Approval to conduct Storefront Retail Commercial Cannabis Activity must display a County issued Emblem Placard within 5 days of issuance.

Sec. 31. Adoption of the proposed LAMC ordinance amendments do not constitute the approval of a "project" under Public Resources Code section 21065 (CEQA) and, therefore, no environmental review is required. Rather, the LAMC ordinance amendments reflect the City's continuing administrative and general policy and procedure-making relating to the cannabis licensing process, pursuant to CEQA Guidelines section 15378, subdivision (b)(2), and relating to organization and administrative activities of DCR that will not result in direct or indirect physical changes on the environment, under CEQA Guidelines section 15378, subdivision (b)(5).

Sec. 32. **SEVERABILITY.** If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance, which can be implemented without the invalid provisions and, to this end, the provisions of this ordinance are declared to be severable. The City Council hereby declares that it would have adopted each and every provision and portion thereof not declared invalid or unconstitutional,


without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

Sec. 33. **URGENCY CLAUSE.** The City finds and declares that this ordinance is required for the immediate protection of the public peace, health and safety for the following reasons: As documented by City departments, including the City Attorney and the Los Angeles Police Department, unauthorized Cannabis activity in the City continues to proliferate, with the attendant crime and negative secondary impacts that pose a current and immediate threat to the public welfare. Unauthorized Cannabis businesses often cultivate, manufacture, and sell Cannabis that has not been tested in accordance with governmental standards and which, therefore, may be tainted, contaminated, mislabeled, unlabeled, or misbranded, and cause serious injury or illness if consumed. The Department of Cannabis Regulation (DCR) plays a key role in reducing the threats posed by unauthorized cannabis activity by, in part, issuing licenses to Cannabis businesses and requiring those businesses to operate under strict regulations that are primarily intended to protect the public welfare. This ordinance amends the LAMC to eliminate a requirement that would force licensed retail cannabis businesses to close effective January 1, 2025, or face criminal penalties if they do not possess a public health emblem issued by the County of Los Angeles, even if the business is otherwise in good standing and compliant with all City requirements. Due to the County's lengthy process, this deadline would cause dozens, if not hundreds, of licensed businesses to simultaneously close their doors, therefore dramatically limiting the public's access to safe, legal cannabis. This ordinance also clarifies that DCR has the authority to suspend or revoke a license if a licensee is conducting Commercial Cannabis Activity without all necessary permits, inspections or similar clearances from the City, as well as from the State or other public agencies. This is necessary to ensure that a business ceases operations when the City is aware of a dangerous condition or illegal cannabis activity. For these reasons, this ordinance shall become effective upon publication pursuant to Section 253 of the Los Angeles City Charter.

Sec. 34. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By  for
ALLISON TOWLE
Deputy City Attorney

Date December 5, 2024

File No. _____

M:\Muni Counsel\CALLS\Ordinance Re Various Amendments to Commercial Cannabis Activity (CF 20-0446-S2).docx

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than three-fourths** of all its members.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____