

MOTION

PLANNING & LAND USE MANAGEMENT

In 2017, City Council adopted a commercial cannabis regulatory program that created the Department of Cannabis Regulation (DCR) and also established a licensing framework for the Social Equity Program. The Social Equity Program's mission is to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in these communities. Cultivation and sale of cannabis have the potential to create more jobs, while proactively utilizing vacant space across the City.

SB 51 (Bradford), which was signed by Governor Newsom on October 9, 2023, authorizes the State of California's Department of Cannabis Control to extend its provisional license program by allowing cannabis equity retail applicants or licensees to obtain or renew provisional licenses after the prior deadline of June 30, 2023. Specifically, under SB 51, the Department of Cannabis Control may now issue or renew a provisional license for a local equity applicant for retailer activities, if the applicant meets specified requirements, until January 1, 2031.

Many previously corresponding deadlines, however, still exist at the City level. The City's current Temporary Approval deadlines were designed around the State's former provisional licensing deadlines. For example, Los Angeles Municipal Code (LAMC) section 104.05(e)-(h) sets deadlines related to DCR's authority to accept and renew Temporary Approval Applications, which include a June 30, 2023 deadline tied to the State's provisional licensing system. In light of SB 51, the City's deadlines should be adjusted so that the State and City's licensing processes continue to remain parallel for Social Equity Individual Applicants.

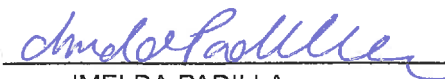
Additionally, on December 8, 2022, DCR held a triple-blind lottery process to select 100 new Social Equity Individual Applicants eligible to apply for retail commercial cannabis licenses. Under LAMC section 104.06.1(c)(5), these applicants "...shall be afforded a maximum of one (1) calendar year from the date of the Application lottery to complete the Pre-Application Review process using a compliant property in any Community Plan Area that has not reached Undue Concentration[.]" This means that the Social Equity Individual Applicants who were selected in the lottery have less than one month remaining – until December 8, 2023 – to find locations in the City that are compliant for retail cannabis activity. In light of SB 51, this December 8, 2023 deadline should be extended to ensure Social Equity Individual Applicants receive the full benefit of SB 51.

Although SB 51 extends certain provisional licensing requirements for some Social Equity Individual Applicants until 2031, there are provisions in SB 51 that limit the number of times a provisional license may be renewed, as well as other changes that may affect the City's existing process. DCR needs time to evaluate these changes and propose additional ordinance amendments to adjust the City's licensing process to accommodate the new State process. Therefore, a short extension should be approved for DCR to issue new Temporary Approvals up to January 1, 2031, which allows DCR to review the impacts of SB 51 and compile comprehensive proposed ordinance amendments to align with SB 51's changes.

I THEREFORE MOVE that the City Attorney be requested to prepare and present an ordinance with an urgency clause that: (1) amends LAMC section 104.06.1(c)(5) to extend the existing one calendar year deadline to complete the Pre-Application Review process for commercial cannabis licenses using a compliant property by approximately three calendar years, or December 31, 2026; and (2) amends LAMC sections 104.05(e)-(h), and others if necessary, to extend the Department of Cannabis Regulation's authority to issue new Temporary Approvals for commercial cannabis licenses up to January 1, 2031 to Social Equity Individual Applicants for retail activity.

I FURTHER MOVE that the Department of Cannabis Regulation, with the assistance of the City Attorney, be directed to report on all potential ordinance amendments necessary to adjust the City's Social Equity Program and regulation of commercial cannabis retail licensing in light of changes as a result of SB 51 (Bradford).

PRESENTED BY:

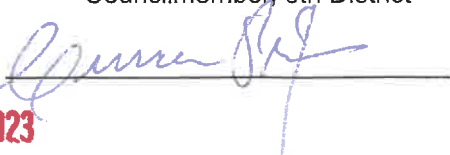


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