

MOTION

PLANNING & LAND USE MANAGEMENT

MAY 04 2022

In 2017, the City Council adopted a commercial cannabis regulatory program that created the Department of Cannabis Regulation (DCR) and the Cannabis Regulation Commission, and also established a licensing framework and the Social Equity Program. Since 2017, DCR has issued over 1,000 licenses to commercial cannabis businesses.

Despite these efforts, unlicensed commercial cannabis activity continues to undermine the legal commercial cannabis industry and threatens the health and safety of Los Angeles residents. Unlicensed locations often sell products that are tainted, contaminated, mislabeled, unlabeled, or misbranded, and may cause serious injury or illness if consumed.

The public must be informed whether a retail cannabis business is unlicensed before entering the premises and, further, cannabis consumers should understand the health risks and consequences of shopping at an unlicensed cannabis business. This knowledge and understanding will empower consumers to make smart choices to protect their health and safety.

To address these concerns, the County of Los Angeles Department of Public Health (County) has developed the Emblem Program for Authorized Cannabis Stores (Program). The Program provides for the issuance of an Emblem Placard to licensed commercial cannabis businesses for display in a prominent location. An Emblem Placard will serve as notice to the public and enforcement agencies that the commercial cannabis business is licensed and in compliance with all applicable public health laws and regulations as determined by a County inspection.

I THEREFORE MOVE that the City Attorney’s Office be requested to prepare and present an ordinance with an urgency clause that (1) replaces existing Los Angeles Municipal Code (LAMC) section 104.23 with language consistent with the proposed ordinance in Attachment A; and (2) amends LAMC section 31.00, *et seq.*, and other provisions to the extent necessary, to incorporate the relevant provisions of the Los Angeles County Code and implement the County’s Emblem Program for Authorized Cannabis Stores.

PRESENTED BY: Paul Koretz
PAUL KORETZ
Councilmember, 5th District

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Councilmember, 9th District

SECONDED BY [Signature]
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ORIGINAL

ATTACHMENT A: PROPOSED ORDINANCE LANGUAGE FOR COUNTY EMBLEM PROGRAM FOR AUTHORIZED CANNABIS STORES

SEC. 104.23. STOREFRONT RETAILER EMBLEM PROGRAM.

(a) Purpose.

1. Unlicensed cannabis businesses threaten the health and safety of cannabis consumers by selling products that are cultivated, manufactured, prepared, and processed outside of the regulated cannabis marketplace. These products are tainted, contaminated, mislabeled, unlabeled, or misbranded, and may cause serious injury or illness if consumed. Unlicensed and unregulated cannabis stores harm the peace, comfort, and welfare of communities and people who live and work nearby. These stores are more likely to operate outside of proscribed hours of operation without meeting locational and operational standards, and are more likely to sell cannabis in quantities that exceed legal limits and sell cannabis to minors in violation of applicable law.
2. Cannabis consumers must be informed whether a retail cannabis business is unlicensed before having to enter the premises and must understand the health risks and consequences of shopping at an unlicensed cannabis business. This knowledge and understanding empowers consumers to make smart choices to protect their health and safety. Communities will also benefit from a reduction in the number of unlicensed cannabis stores.
3. The Emblem Program for Authorized Cannabis Stores (Program) is administered by the County of Los Angeles in partnership with cities within the County of Los Angeles as a cross-jurisdictional effort to deter the operation of unlicensed cannabis businesses. The Program is intended to protect consumers and stop harmful effects caused by unlicensed and unregulated cannabis businesses on local neighborhoods and communities by requiring retail cannabis businesses that have received all appropriate licenses, permits, or authorizations from the State of California and local governments to both display a unique emblem on the store's premises so that it is highly visible to the public from the exterior of the store, and provide and make Program supplied health-related information accessible to consumers.
4. The Program is not intended to promote the use, possession, distribution, manufacturing, sale, or cultivation of cannabis or cannabis products, or to engage in any actions that conflict with any applicable local, state, or federal laws.

(b) **Definitions.**

1. **Authorized Cannabis Store:** A Licensee engaged in on-site retail sales of medical or adult-use cannabis to customers at a Business Premises location, provided:
 - i. The Licensee has obtained a Type-10 (Retailer) or Type 12 (Microbusiness) License or Temporary Approval from the City, and a license or provisional license from the State of California for the same activity or activities;
 - ii. The Licensee has obtained all licenses, permits, or authorizations required by the City and any other local agencies necessary to allow the business to engage in the sale of medical or adult-use cannabis; and
 - iii. The Licensee keeps all applicable licenses, permits, or authorizations current and valid, and remains in good standing to engage in the sale of medical or adult-use cannabis in the City.
2. **Emblem:** The emblem featured on the Emblem Placard issued to an Authorized Cannabis Store by the Program Administrator as part of the Program.
3. **Emblem Placard:** A placard displaying the Emblem and other required information, that conforms to the design requirements specified in paragraph 6 and issued to an Authorized Cannabis Store by the Program Administrator as part of the Program that notifies the public that the store has received all required state and local licenses, permits, or other authorizations to become an Authorized Cannabis Store.
4. **Health Information Advisory:** The pamphlet, paper, or other media provided to the Authorized Cannabis Store by the Program Administrator that contains health information messages, regarding cannabis use and its potential health impacts, created by the Department of Public Health.
5. **Program:** The Emblem Program for Authorized Cannabis Stores.
6. **Program Administrator.** The Director of the Los Angeles County Department of Public Health, or his or her designee.

(c) **Emblem—Significance.** The Emblem, when displayed on the Emblem Placard in accordance with the provisions of this ordinance, shall serve as notice to the public that the commercial cannabis business to which the Emblem Placard was issued is an Authorized Cannabis Store at the time of issuance and is in compliance with all applicable public health laws and regulations as determined during the most recent Public Health inspection. The Emblem and Emblem Placard shall not grant any rights or remedies, and shall not be construed as granting any rights or remedies, to any person or entity in possession of the Emblem or Emblem Placard. The Emblem and Emblem Placard may not be sold, assigned, or otherwise transferred, and shall not be removed from the premises of the Authorized Cannabis Store to which the Emblem Placard was issued, except as specified in this ordinance. The Emblem Placard shall not create, confer or convey any vested or nonconforming right or benefit, including the right to

engage in Commercial Cannabis Activity, to any Person in possession of the Emblem Placard.

(d) **Emblem Placard—Issuance, Posting, Inspection, Suspension, and Revocation.**

1. **Issuance.** The Program Administrator shall cause an Emblem Placard to be issued to all Authorized Cannabis Stores.
2. **Posting.** The Program Administrator shall cause the Emblem Placard to be posted at the Business Premises so as to be clearly visible to the general public and to patrons entering the Business Premises. For this purposes of this section, “clearly visible to the general public and to patrons entering the store’s premises” means:
 - i. Posted in the front window of the retail business within five (5) feet of the front door or posted in a display case mounted to the outside front wall of the store within five (5) feet of the front door; or
 - ii. Posted in a location as directed and determined in the discretion of the Program Administrator to ensure proper notice to the general public and to patrons.
 - iii. An Authorized Cannabis Store shall, at its sole cost, make any reasonable modifications to the exterior or interior of its Business Premises that the Program Administrator determines are necessary to accommodate the posting of the Emblem Placard, including but not limited to modifications to lighting, window treatments, coverings, tinting, glazing, and painting, and the mounting of a display case on the exterior of the premises.
 - iv. An Authorized Cannabis Store shall not alter, move, remove, or otherwise modify an Emblem Placard posted at its Business Premises pursuant to this section unless ordered or authorized to do so in writing by the Program Administrator.
5. **Inspection.** Not less than once per year, the Program Administrator shall cause an inspection to take place at the premises of an Authorized Cannabis Store to ensure the Emblem Placard is displayed and the Health Information Advisory is provided or made accessible to consumers in compliance with the provisions of this ordinance. Inspections shall take place during ordinary business hours and may be unannounced. The Program Administrator may conduct an inspection more than once per year if the Program Administrator determines more frequent inspections are necessary to ensure compliance with the Program. Inspections may be conducted in conjunction with or separately from other regular inspections.
6. **Suspension.** Upon a determination by the Program Administrator that a Licensee ceases to keep all applicable licenses, permits, or authorizations current, valid, and in good standing, the Program Administrator may immediately suspend the Licensee’s participation in the Program. Written notice will be provided to the Licensee detailing the reason for the suspension, along with instructions for

reinstatement. The Emblem Placard will be removed by the Program Administrator, or an authorized representative, until the Licensee takes the necessary steps for reinstatement into the Program.

7. **Revocation.** Upon a determination by the Program Administrator that a Licensee ceases to be an Authorized Cannabis Store for any reason, the Program Administrator shall immediately issue an order in writing to the store to remove the Emblem Placard from public view and return the Emblem Placard to the Program Administrator, or provide other evidence satisfactory to the Program Administrator that the Emblem Placard has been destroyed. The Program Administrator's determination shall be final and not subject to appeal. If an Authorized Cannabis Store's Temporary Approval or License is revoked, suspended, or not renewed, the Licensee shall immediately remove the Emblem Placard from public view.

(e) **Health information Advisory.** An Authorized Cannabis Store, at the direction of the Program Administrator, shall provide or make accessible to the consumer a Health Information Advisory created by the Los Angeles County Department of Public Health. The Health Information Advisory shall be supplied to the store by the Program Administrator. The store shall provide the Health Information Advisory to the consumer at the point of sale. The Program Administrator may also supply Health Information Advisory materials in pamphlet or other written form to an Authorized Cannabis Store, and require those materials be displayed and made accessible to consumers in the store's customer services areas.

(f) **Violations.**

1. It shall be unlawful for any person to engage in the retail sale of medical or adult-use cannabis or cannabis products in the City unless it is an Authorized Cannabis Store and displays an Emblem Placard in compliance with the provisions of this ordinance.
2. It shall be a misdemeanor and an unfair business practice subject to criminal and civil enforcement to display or use the Emblem or Emblem Placard, or any placard, symbol, or rendering that is substantially or confusingly similar to the Emblem or Emblem Placard, in connection with any commercial cannabis activity for the purpose of falsely holding oneself out as an Authorized Cannabis Store thereby endangering the health and safety of the public.
3. City and the Program Administrator may conduct inspections of any commercial cannabis business displaying the Emblem or Emblem Placard, or a substantially or confusingly similar Emblem or Emblem Placard, on its premises, for the purposes of determining whether the store is an Authorized Cannabis Store thereby protecting the health and safety of the public.
4. Where City and County laws conflict, commercial cannabis businesses shall comply with all City laws, rules, and regulations unless the issue directly relates to matters of public health that are regulated by the County pursuant to this Program.