



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R 23 - 0166
MAY 09 2023

REPORT RE:

**DRAFT ORDINANCE AMENDING ARTICLE 4 OF CHAPTER X
OF THE LOS ANGELES MUNICIPAL CODE TO REGULATE
COMMERCIAL CANNABIS ACTIVITY**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance makes comprehensive amendments to Article 4, Chapter X of the Los Angeles Municipal Code (LAMC) based on the Department of Cannabis Regulation's (DCR) Report dated February 16, 2023. The changes would:

- Create a consolidated process for the issuance of Annual Licenses for commercial cannabis retail activity;
- Simplify the process for the issuance of Annual Licenses for commercial cannabis activity that is not retail activity by eliminating the requirements to: (1) hold a community meeting; and (2) obtain approval by the Cannabis Regulation Commission for any Business Premises larger than 30,000 sq. ft.;

- Restructure the license appeal provisions to clarify the availability and timing of appeals to administrative hearing officers, the Cannabis Regulation Commission, and the City Council;
- Add new progressive enforcement tools, including a new “Notice to Correct” procedure for minor violations;
- Create a mechanism for DCR to suspend or revoke a License and/or reinstate a License if suspended;
- Establish that an Annual License may be suspended for the same reasons as Temporary Approval;
- Consolidate all reasons for denial, suspension, revocation and disqualification into a single section;
- Revise the mandatory requirements to remove outdated or duplicative requirements, and establish that all Licensees must secure a Public Health Permit from the County of Los Angeles;
- Remove unused definitions and adds a new definition for “Indirect Owner”;
- Amend the application and license modification provisions to conform with DCR’s existing practices, including the addition of entity substitution modifications and modifications to the Legal Business Entity Records, and specify which modifications can be made at which point in the licensing process;
- Clarify the process for Business Premises relocations after the issuance of a License;
- Permit certain Phase 3 Retail Round 1 Social Equity Applicants to re-enter the licensing process if previously denied due to proximity to a Sensitive Use;
- Clarify that a Social Equity Individual Applicant must name a successor-in-interest who is a natural person;
- Establish sunset dates for the City’s Temporary Approval process to coincide with the end of the State’s provisional licensing process;
- Expand the refiling process to allow Licensees with an abandoned or expired Temporary Approval or Annual License application to refile within three (3) years; and
- Clarifies that all records, including Local Compliance Underway, must be renewed annually.

In addition to the amendments requested by the City Council based on DCR’s Report dated February 16, 2023, the draft ordinance also would:

- Comprehensively reorganize Article 4 of Chapter X to track DCR’s licensing process in chronological order;
- Establish the Operating Permit, which is issued to an Annual Licensee after they obtain all necessary permits and clearances from other

agencies and pass a DCR inspection, in order to ensure Licensees are not conducting commercial cannabis activity in an unsafe or hazardous manner;

- Establish that it is unlawful for an Annual Licensee to conduct commercial cannabis activity without an Operating Permit;
- Create a process for the renewal, suspension, and revocation of an Operating Permit, and associated appeal processes;
- Allow Licensees seeking to relocate their Business Premises to request an extension before their original location's License is canceled if they need additional time to finish construction or obtain clearances at the new Business Premises, and add an exemption for the original Business Premises so it does not qualify as a retail location for distancing purposes under LAMC Section 105.02; and
- Expand the range for which DCR must provide notice of a public meeting to property owners and occupants surrounding the relevant business from 500 ft. to 700 ft. to mirror the distancing requirements in LAMC Section 105 *et seq.*

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Department of Cannabis Regulation with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Taylor C. Wagniere at (213) 978-7439. She or another member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By


VALERIE L. FLORES
Chief Assistant City Attorney

VLF:TCW:pj
Transmittal