

ORDINANCE NO. _____

An ordinance amending various Sections 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. Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.01. DEFINITIONS.

(a) The following definitions shall apply to this article. Words and phrases not defined herein shall be construed as defined elsewhere in this Code, as required by the context:

1. **"Annual License"** means a City License issued pursuant to Section 104.06.
2. **"Applicant"** means a Person applying for a City License pursuant to this article.
3. **"Application"** means all records, including Pre-Application Records, submitted to DCR by an Applicant or Licensee necessary to request Temporary Approval, an Annual License, an Operating Permit, or to renew a record associated with conduct Commercial Cannabis Activity.
4. **"BTRC"** means a Business Tax Registration Certificate issued by the City's Office of Finance.
5. **"Business Day"** means Monday through Friday from 9:00 a.m. to 4:00 p.m. Pacific Time, excluding City holidays, furlough days, and/or mandated closures.
6. **"Business Premises"** means the designated structure or structures and land specified in an Application for a License that is owned, leased, or otherwise held under the control of the Applicant or Licensee where the licensed Commercial Cannabis Activity will be or is conducted.
7. **"Cannabis"** means cannabis as defined in Section 26001 of the California Business and Professions Code, as currently defined or as may be amended.
8. **"City"** means the City of Los Angeles.
9. **"City Council"** means the Council of the City of Los Angeles.

10. **“Commercial Cannabis Activity”** includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of Cannabis or Cannabis products in the City as provided for in Division 10 of the California Business and Professions Code and the California Code of Regulations, as currently defined or as may be amended.

11. **“Commission”** means the City of Los Angeles Cannabis Regulation Commission, as described in Chapter 31 of Division 22 of the Los Angeles Administrative Code.

12. **“Community Plan Area”** shall have the same meaning as within Article 1.5, Chapter 1 of the Los Angeles Municipal Code.

13. **“Cultivated Area”** means the designated area(s) at a Business Premises that will contain mature plants at any point in time.

14. **“Cultivation”** means cultivation as defined in Section 26001 of the California Business and Professions Code, as currently defined or as may be amended.

15. **“DCR” or “Department”** means the City of Los Angeles Department of Cannabis Regulation, as described in Chapter 31 of Division 22 of the Los Angeles Administrative Code.

16. **“Disproportionately Impacted Area”** is defined in Section 104.20 and incorporated herein by reference.

17. **“EMMD”** means an existing medical marijuana dispensary that is in compliance with all restrictions of Proposition D, notwithstanding those restrictions are or would have been repealed, including, but not limited to, either possessing a 2017 L050 BTRC and current with all City-owned business taxes, or received a BTRC in 2007, registered with the City Clerk by November 13, 2007 (in accordance with the requirements under Interim Control Ordinance 179027), received a L050 BTRC in 2015 or 2016 and submits payment for all City-owned business taxes before the License application is deemed complete. For purposes of this subsection only, an EMMD that has entered into a payment plan with the City’s Office of Finance pursuant to LAMC Section 21.18 to pay all outstanding City-owned business taxes is deemed current on all City-owned business taxes and is deemed to have submitted payment for all City-owned business taxes.

18. **“Equity Share”** is defined in Section 104.20 and incorporated herein by reference.

19. **“Final Inspection”** is a required inspection of the Business Premises conducted by DCR after the issuance of an Annual License and prior to the issuance of an Operating Permit.

20. **“Indirect Owner”** means a Person with an ownership interest in an entity that has a direct or indirect ownership interest of at least a 20% aggregate ownership stake or equity interest in an Owner of the Applicant or Licensee, unless the interest is solely a security, lien, profit sharing, or encumbrance. Aggregate means the total ownership interest held individually or through an entity. The amount of indirect ownership in the Applicant or Licensee that is held by any other entity is determined by multiplying the percentage of ownership interest at each level. For example, an individual owning 50% of an entity that owns 50% of a cannabis business would have a 25% aggregate ownership interest in the cannabis business.

21. **“Individual”** means a natural person. The terms “individual” and “natural person” are used interchangeably throughout this article.

22. **“Initial Inspection”** is a required inspection of the Business Premises conducted by DCR prior to the issuance of Temporary Approval.

23. **“License”** means a Temporary Approval or Annual License issued under this article.

24. **“Licensee”** means any Person holding a License under this article.

25. **“Low Income”** is defined in Section 104.20 and incorporated herein by reference.

26. **“Management Company”** means a Person who manages Commercial Cannabis Activity on a Licensee’s behalf, or a Person who directs or controls another Person who manages Commercial Cannabis Activity on a Licensee’s behalf. A Management Company does not include an employee of a Licensee or an Owner of a Licensee.

27. **“Neighborhood Liaison”** means a natural person specifically designated by the Licensee to interact with the community, including, but not limited to, responding to complaints.

28. **“Operating Permit”** means authorization to conduct Commercial Cannabis Activity issued by DCR to an Annual Licensee at a location approved by DCR.

29. **“Owner”** means a Person with at least a 20% ownership stake or equity interest in the Applicant or Licensee, unless the interest is solely a security, lien, profit sharing, encumbrance or held through another Person.

30. **“Person”** includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust,

receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

31. **“Primary Personnel”** means any of the following: (i) a natural person with at least a 20% aggregate ownership stake or equity interest in the in the Person applying for a License or a Licensee, unless the interest is solely a security, lien, profit sharing, or encumbrance; (ii) a natural person who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to: a chief executive officer, president, vice president, officer, general manager, a member of the board of directors, a general partner, a managing member or a non-member manager, and/or a trustee(s) or persons who have control of the trust; (iii) if the Applicant or Licensee is owned in whole or in part by an entity and the entity includes natural persons who manage, direct, or control the operations of the Applicant or Licensee, those natural persons shall also be disclosed as Primary Personnel; and (iv) DCR may determine, in its sole discretion on a case-by-case basis, that additional natural persons have the ability to manage, direct, or control the commercial cannabis business and meet the criteria of Primary Personnel.

32. **“Proposition D”** means the initiative adopted by the voters of the City of Los Angeles on May 21, 2013.

33. **“Proposition M Priority Processing Application”** or **“Proposition M Priority Processing”** means an application filed by an EMMD pursuant to the priority processing for EMMD dispensaries as provided by Measure M, adopted by the voters of the City of Los Angeles on March 7, 2017.

34. **“Retail Commercial Cannabis Activity”** means Commercial Cannabis Activity involving the sales or distribution of Cannabis directly to a consumer.

35. **“Rules and Regulations”** mean detailed requirements meant to clarify and aid in the administration of this article, which are approved by the City Council or promulgated by DCR.

36. **“Social Equity Applicant”** means the Person applying for a City License subject to Section 104.20.

37. **“Social Equity Individual Applicant”** is a natural person who meets the individual eligibility criteria defined in Section 104.20.

38. **“State License”** means a license issued by the State of California, including a State-issued provisional or annual license.

39. **“Temporary Approval”** means a City License issued pursuant to Section 104.05.

40. **“Undue Concentration”** means the Applicant's Business Premises is located within a higher cannabis License/population ratio within the community plan based on the American Community Survey, updated annually, than the following: ratio of one License per 10,000 residents for Storefront Retailer (Type 10); ratio of one License per 7,500 residents for Microbusiness (Type 12); a maximum aggregate number of 15 Licenses at a 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). An EMMD is not subject to a finding of Undue Concentration. An Applicant eligible for processing under Section 104.08 is not subject to a finding of Undue Concentration. A Microbusiness involved in on-site retail counts towards the Undue Concentration License limits applied to Storefront Retailer (Type 10) Licenses. A Microbusiness involved in Cultivation counts towards the Undue Concentration limits applied to Cultivation Licenses (Types 1A, 1C, 2A, 3A, and 5A).

41. **“Unlawful Establishment”** means any Person engaged in Commercial Cannabis Activity if the Person does not have a City-issued Temporary Approval or Operating Permit.

Sec. 2. Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.03. APPLICATION PROCEDURE.

(a) **Application – Pre-Application Record.** Prior to filing a Temporary Approval or Annual License Application, an Applicant shall submit a Pre-Application Record through the DCR Licensing Portal, including all information, forms and documents required by the Rules and Regulations, 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). Pre-Application Records that are incomplete shall not be eligible for further processing. If the Pre-Application Record is eligible for further processing, the Applicant shall submit a Temporary Approval Application or 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. A Pre-Application Record shall be abandoned pursuant to Section 104.03(f) if a complete Temporary Approval Application or Annual License Application is not timely submitted within one (1) calendar year. DCR may request additional information, forms, or documents from the Applicant at any time during its review of the Pre-Application Record, subject to payment of any additional fees under Section 104.19. If the Applicant fails to provide the additional information, forms or documents in the time allotted by DCR, the Application shall be abandoned. An Applicant whose Business Premises location is ineligible shall not be permitted to amend the Pre-Application Record, but may submit a new Pre-Application Record subject to the payment of applicable fee(s) in Section 104.19.

1. Public Convenience or Necessity (PCN) Process. 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 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).

(i) If DCR determines that the Pre-Application Record is not eligible for further processing, the Applicant shall not file a request that the City Council find that approval of the License application would serve the public convenience or necessity and DCR shall not further process the Application. The Applicant may submit a new Pre-Application Record for a new proposed location, subject to the payment of fees under Section 104.19.

(ii) If DCR determines the Pre-Application Record is eligible for further processing, the Applicant shall file a request, on a form provided by DCR, that the City Council find that approval of the License Application would serve the public convenience or necessity, supported by evidence in the record. The Applicant also shall pay a Public Convenience or Necessity Application Fee pursuant to Section 104.19 within 30 days from the date of invoice issuance. DCR shall transmit the request to the City Clerk within 30 days of the Applicant's payment of the Public Convenience or Necessity Application Fee. Within 10 days of DCR transmitting an Applicant's request to the City Clerk, DCR shall provide notice 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 concerning the Application. DCR shall also post the notice to its website.

(iii) The Applicant shall engage with and seek written input from key stakeholders in the area in which the proposed Business Premises will be located, which at a minimum should include: the relevant area Neighborhood Council; Los Angeles Police Department (LAPD) Division; local chamber of commerce; and at least one substance abuse intervention, prevention and treatment organization within the Community Plan Area. LAPD shall provide the City Council with crime data for the area, and a letter stating LAPD's position on the application request.

DCR shall promulgate standards subject to City Council approval by resolution, which may be amended from time to time.

(iv) If the City Council does not act on the Applicant's request within 90 days of the City Clerk's date of receipt, the City Council shall be deemed to have not made the necessary findings to support the public convenience and necessity, the request shall be denied by operation of law, and the Application shall not be processed by DCR. If the City Council finds that approval of the License Application would serve the public convenience or necessity, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 30 days of the City Council's action becoming final.

(b) **Application Withdrawal.** An Applicant may withdraw an Application prior to the City's approval or denial of the License by submitting the Application Withdrawal Form through the DCR Licensing Portal. An Application shall not be considered withdrawn until DCR has consented to its withdrawal in writing. If eligible, an Applicant may re-apply if an Application is withdrawn or abandoned, but the Applicant must file a new Application. DCR shall not refund any fee for a withdrawn or abandoned Application. Withdrawal shall not, unless consented by DCR, deprive DCR of its authority to institute or continue a proceeding against the Applicant for the denial of the License upon any ground provided by law or to enter an order denying the License upon any such ground.

(c) **Modifications.** 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, will 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 other applicable agency(ies).

1. **Modification Documents.** DCR shall require the modification information, documents, and/or forms that are described in the Rules and Regulations for each type of modification request.

2. **Business Tax Registration Certificate (BTRC).** A BTRC does not constitute a permit, license or authorization to conduct Commercial Cannabis Activity. A BTRC signifies that the Person named on the face of the BTRC has fulfilled the requirements of Article 1 of Chapter II of the Los Angeles Municipal

Code by registering with the Director of Finance for the purpose of paying business tax for the classification of business for which the BTRC is issued. A BTRC does not authorize a Person to operate an Unlawful Establishment, to conduct any unlawful business, to conduct any lawful business in an illegal manner, or to conduct within the City the business for which this certificate has been issued without strictly complying with all the provisions of this article.

3. Legal Business Entity Record.

(i) **Ownership Structure, Owner, and Primary Personnel Changes.** Licensees shall not perform changes to a Person's ownership structure, Owners, Indirect Owners, and/or Primary Personnel without written approval from DCR. Persons formed as corporations, limited partnerships, or limited liability companies shall update their filings with the California Secretary of State prior to submission of the modification request. The Applicant or Licensee shall pay the applicable modification fees pursuant to Section 104.19, as determined by DCR, and submit the following: (1) a copy of the Statement of Information filed with the Secretary of State, if applicable; (2) a copy of the Amended Articles of Organization or Incorporation, if applicable; (3) Ownership and Financial Interest Holder Disclosure Form for all Persons associated with the BTRC, Applicant, or Licensee; (4) organizational chart showing all Owners and Indirect Owners in any multi-layer business structure; and (5) any additional information or documents DCR deems necessary to consider the request. Persons subject to Section 104.20 also shall provide all business records and agreements necessary to demonstrate compliance with the minimum Equity Share requirements.

(A) All Persons with a financial interest in the Applicant or Licensee shall be disclosed to DCR. This includes all Persons in a multi-layer business structure, as well as the chief financial officer, members of the board of directors, partners, trustees, and all Persons who have control of a trust, and managing members or non-members managers of the entity. Each entity disclosed as having a financial interest must disclose the identities of Owners and Indirect Owners until only individuals remain.

(B) After submitting an application under Section 104.06.1, an Applicant shall not be permitted to modify its Application to remove or replace the individual Owner who is the Social Equity Individual Applicant, as defined in Section 104.20(a) or (b).

(C) If DCR determines that the Application, License or Operating Permit has been sold, leased, lent, or otherwise

transferred without DCR approval, DCR may abandon the existing Application and require that a new Application be submitted.

(ii) **Legal Entity Name Change.** Licensees shall not change the legal entity name under which the Person's Application, License, or Operating Permit was submitted or issued without written approval from DCR. The legal entity name can be modified provided that the entity or file number registered with the California Secretary of State, and the BTRC issued to the Person, remain the same. DCR may require that the Applicant or Licensee submit the documents to demonstrate that the changes have been filed with the Secretary of State or approved by the State licensing agency.

(iii) **Fictitious Business Name Change.** Persons who register a Fictitious Business Name (FBN) with the Los Angeles County Registrar must disclose the FBN. A new FBN, or a change to the existing FBN, must be disclosed by submitting a modification request form. Persons shall submit the necessary documents to demonstrate that the changes have been registered with the Los Angeles County Registrar and the City's Office of Finance.

4. **Pre-Application Record.** Persons shall not be permitted to modify a Pre-Application Record. Pre-Application Records filed as sole proprietorships may be converted to a different type of legal entity by submitting a new entity on the Temporary Approval or Annual Application information, forms, and documents. The Person identified in the Pre-Application Record may be modified a single time during the application process, after which it may not be further modified and/or amended until a License is issued.

5. **Temporary Approval Application.** Applicants with pending Temporary Approval Applications may submit only the types of Temporary Approval Application modification requests permitted in the Rules and Regulation. Persons shall not be permitted to sell, lease, lend, or otherwise transfer a Temporary Approval Application.

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 Regulation. Persons shall not be permitted to sell, lease, lend, or otherwise transfer a Temporary Approval. Temporary Approval is not transferable or assignable to another Person unless an Entity Substitution modification request is approved by DCR.

(i) **Business Premises Relocation.** Licensees shall not relocate Commercial Cannabis Activity without prior written approval by DCR. DCR shall review the relocation request and notify the Licensee if the new proposed Business Premises location complies with Section

104.04(b). If the proposed location complies with Section 104.04(b), Licensees shall: (1) provide a copy of an executed lease or property deed for the new location; (2) provide a landowner acknowledgment that the Licensee has the right to occupy the property for purposes of conducting the Commercial Cannabis Activity associated with the License; (3) provide a Business Premises diagram; and (4) 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 will 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 or Microbusiness Commercial Cannabis Activity with on-site sales (Types 10 or 12), may relocate within the same Community Plan Area or to a new 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 and/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 Temporary Approval 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 and/or Operating Permit issued for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales (Types 10 or 12) at the original Business Premises shall expire no later than 180 days from the date the Business Premises Relocation Fee is paid. DCR may grant an extension beyond the initial 180 days by allowing a Licensee to renew, in 90 day increments, a Temporary Approval and/or Operating Permit issued at the prior Business Premises location if it would not prevent DCR from issuing a Temporary Approval and/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 acknowledgement that the Licensee has the right to occupy the Business Premises; (3) a site plan if the Business Premises diagram has been expanded; (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 may submit a request to substitute the entity associated with the License. Licenses may be transferred to a new entity provided a new Application is filed for the new entity, and all required application fees are paid. Any previously-issued License shall be canceled before a License is issued to the new entity. The new entity 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, and, if applicable, the Social Equity Individual Applicant(s). If an Authorized Agent has not been designated, notarized signatures are required from a majority of the Owners that own the Applicant or 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 Application or 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 Application or License.

7. **Annual License Application.** Persons shall not be permitted to sell, lease, lend, or otherwise transfer an Annual License Application. An Applicant may submit only the types of the Annual License Application modification requests permitted in the Rules and Regulation.

8. **Annual License.** Licenses are not transferable or assignable to another Person unless a request is submitted and approved by DCR. Annual Licensees may submit only the Annual License modification request types permitted in the Rules and Regulation.

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 and/or Operating Permit issued for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales (Types 10 or 12) at the original Business Premises shall expire no later than 180 days from the date the Business Premises Relocation Fee is paid. DCR may grant an extension beyond the initial 180 days by allowing a Licensee to renew, in 90 day increments, a Temporary Approval and/or Operating Permit issued at the prior Business Premises location if it would not prevent DCR from issuing a Temporary Approval and/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.

10. **Other Modifications.** DCR may consider other modifications on a case-by-case basis. The Applicant or Licensee shall submit a modification request form and pay the required modification fees to Section 104.19.

(d) **Calculation of Time.** Unless otherwise specified, when the final day for the filing of an application or appeal, or the payment of fees, falls on a Saturday, Sunday or City holiday, the time for filing shall be extended to the close of the next Business Day, and the effective or final date of any action, decision or determination shall be extended by the same amount of time.

(e) **Payments.** Unless otherwise specified, all payments due under this article may be considered timely paid if enclosed in a properly addressed envelope with sufficient postage, deposited in the mail, and postmarked by the payment deadline. Unless otherwise specified, payments also may be considered timely paid if an Applicant or Licensee schedules and confirms a payment appointment with the Office of Finance by the date of the payment deadline, notwithstanding that the payment appointment may occur after the date of the payment deadline.

(f) **Abandonment.**

1. An Application or modification request may be deemed abandoned if DCR determines, at any time and in its sole discretion, that:

- (i) the Application or modification request is incomplete;
- (ii) fee payments required under Section 104.19 are not timely paid;
- (iii) the Application is not associated with a Business Premises location that complies with Section 105.02(c) and/or the Applicant submits

the Business Premises Surrender Form for the location listed on the Application; or

(iv) required information, forms, or documents have not been provided within the time allotted by DCR.

2. Unless another period of time is specified, all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, and all fees shall be paid within 30 days of the date of the invoice issuance. DCR shall not refund fees for an abandoned Application or modification request.

(g) **Refiling – Social Equity Applications.** The Social Equity Individual Applicant associated with a Social Equity Applicant that has an Application abandoned under Section 104.03(f) after January 1, 2022, or a License that expired under Section 104.12, may refile an Application subject to the requirements of this subsection. Applications abandoned after June 30, 2023, may not be refiled unless the Application was filed pursuant to Sections 104.05(a) or 104.06(a). If more than one Social Equity Individual Applicant is listed on the initial Application or License, the refiled Application shall be submitted by the original Social Equity Applicant entity. An Application abandoned after June 30, 2023 must be refiled as an Annual Application unless the Applicant has an active corresponding State provisional license. The refiling process shall be initiated through the DCR Licensing Portal within three (3) years of the date DCR notifies the Social Equity Applicant by electronic mail that the original Application is abandoned or the License expired.

1. To refile, the Applicant shall submit a new Pre-Application Record pursuant to Section 104.03(a). If DCR determines that the proposed Business Premises location complies with Section 104.04(b), 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, the Applicant shall submit an Application with all required information, forms, and documents, including all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant(s) owns the minimum Equity Share required under Section 104.20(a)(2). If a Pre-Application Record filed pursuant to this subsection is ineligible, the Applicant shall be permitted to 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 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.

(h) **Refiling – General Applications.** Provided that the Applicant is not subject to the provisions of Section 104.20, an Applicant may refile an Application subject to the requirements of this subsection if the Application was deemed abandoned under Section 104.03(f) after January 1, 2022. An Applicant also may refile an 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 Sections 104.05(a) or 104.06(a). An Application abandoned after June 30, 2023 must be refiled as an Annual Application unless the Applicant has an active corresponding State provisional license. 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 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 a Pre-Application Record filed pursuant to this subsection is ineligible, the Applicant shall be permitted to 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 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.

(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, *i.e.*, the submission of all required and completed information, forms, and documents through the DCR Licensing Portal for that particular Application or modification process, and the payment of all relevant fee(s) pursuant to Section 104.19 for that Application or modification process. Processing timeframes shall be automatically suspended when DCR's personnel vacancy rate is 20% or higher.

1. Pre-Application Record Processing.

(i) Within 10 days of the submission of a Pre-Application Record through the DCR Licensing Portal, DCR shall issue the Applicant a Pre-Application Review Fee invoice. Pre-Application Records shall comply with the requirements in the Rules and Regulations.

(ii) Within 30 days of the filing of a Pre-Application Record, DCR shall determine whether the Applicant's proposed Business Premises complies with Section 104.04(b) and notify the Applicant of DCR's determination by electronic mail.

(iii) If the Applicant's Business Premises complies with Section 104.04(b), the Applicant shall submit a Temporary Approval Application or Annual License Application through the DCR Licensing Portal in accordance with subdivision 2. The Pre-Application Record will be deemed abandoned if a Temporary Approval Application or Annual License Application is not timely submitted.

2. Temporary Approval Processing.

(i) The Applicant shall submit a Temporary Approval 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. Temporary Approval Application records shall comply with the requirements in the Rules and Regulations.

The Applicant shall submit payment of the Temporary Approval Fee(s), pursuant to Section 104.19, by the date listed on the invoice.

(ii) Within 60 days of the filing of a Temporary Approval Application through the DCR Licensing Portal, DCR shall determine if the Temporary Approval Application is complete.

(A) If the Applicant files a modification request through the DCR Licensing Portal within 60 days of the submission of a Temporary Approval Application, DCR shall review the modification request within 30 days of the filing of the modification request, and, if approved, complete its review of the Temporary Approval Application within 60 days of the approval of the modification request.

(B) Once DCR completes its review of the Temporary Approval Application, an Applicant may submit only the modification request types permitted in the Rules and Regulation until a License is issued.

(iii) If DCR determines that the Temporary Approval Application is complete, DCR shall update the Application status to "Local Compliance Underway" within seven (7) days of its determination. If DCR determines there are any deficiencies in the Temporary Approval Application, DCR shall notify the Applicant by electronic mail of the specific information, forms or documents required by DCR, and the Applicant shall provide the required information, forms or documents through the DCR Licensing Portal within 30 days of that notification. Within 30 days of an Applicant's submission of the required additional information, forms or documents through the DCR Licensing Portal, DCR shall complete its follow-up review.

(iv) Within 45 days of a request for an Initial Inspection through the DCR Licensing Portal, DCR shall conduct the Initial Inspection.

(v) Within 15 days of an Applicant passing the Initial Inspection or DCR determining that all Temporary Approval information, forms and documents are submitted and complete, whichever occurs last, DCR shall issue Temporary Approval.

3. Relocation Modification Processing.

(i) Within 15 days of the submission of a relocation request through the DCR Licensing Portal, DCR shall issue the Licensee an invoice for the Business Premises Relocation Fee.

(ii) Within 30 days of the filing of a relocation request, DCR shall determine whether the proposed Business Premises complies with Section 104.04(b) and shall notify the Licensee of DCR's determination by electronic mail. If DCR determines that the proposed Business Premises complies with Section 104.04(b), the Licensee may submit a new Temporary Approval Application for the new Business Premises.

4. Ownership Modification Processing.

(i) Within 15 days of the submission of an ownership modification request through the DCR Licensing Portal, DCR shall issue the Applicant or Licensee an invoice for the applicable modification fee(s) pursuant to Section 104.19.

(ii) Within 30 days of the filing of an ownership modification request, DCR shall grant or deny the modification request and notify the Applicant or Licensee of DCR's determination by electronic mail. If DCR determines that the proposed ownership modification violates any provision of this article or the Rules and Regulations, upon notice from DCR, the Applicant or Licensee shall be permitted to further amend its request within 30 days to correct any deficiencies, if possible.

(iii) If all Owners are transferring their ownership interest, the Applicant or Licensee shall resubmit all Application information, forms and documents, and pay all required fees, within 30 days of the date DCR notifies the Applicant or Licensee by electronic mail that the modification request is approved.

5. Entity Substitution Processing.

(i) Within 15 days of the submission of a modification request to substitute the Applicant or Licensee listed on an Application, License or Operating Permit through the DCR Licensing Portal, DCR shall issue the Applicant or Licensee an invoice for the applicable modification fee(s) pursuant to Section 104.19.

(ii) Within 30 days of the filing of a modification request to substitute the Applicant or Licensee, DCR shall approve or deny the modification request. If DCR approves the modification request, the Applicant or Licensee shall submit a new Application and all required information, forms and documents for the new Applicant entity within 30 days of the date DCR notifies the Applicant by electronic mail that the modification request is approved. Once a new Application is filed, upon request from the State, DCR shall update the Application status to "Local Compliance Underway."

(iii) DCR shall not issue a Temporary Approval, License, or Operating Permit to the new Applicant entity until it meets the relevant requirements. If the original Licensee has been issued a License or Operating Permit, it shall request cancellation of that License or Operating Permit before a License or Operating Permit may be issued to the new Applicant entity. The original Licensee may continue to conduct Commercial Cannabis Activity until the License expires or the original Licensee requests cancellation of the License issued to it, whichever is earlier.

Sec. 3. Section 104.04 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.04. DENIAL OF A LICENSE, SUSPENSION OF A LICENSE, OR DISQUALIFICATION.

(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 Business Premises is substantially different from the diagram of the Business Premises submitted by the Applicant or Licensee, in that the size, layout, location of common entryways, doorways, or passageways, means of public entry or exit, or limited-access areas within the Business Premises are not the same;
2. The Applicant or Licensee denied DCR employees or agents access to the Business Premises;
3. 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;
4. The Applicant or Licensee failed timely to provide DCR with requested information, forms or documents;
5. The Applicant or Licensee was denied a license, permit or other authorization to engage in Commercial Cannabis Activity by any state or other local licensing authority;
6. Issuance of a License would create a significant public safety problem as documented by a law enforcement agency;
7. The Applicant or Licensee failed to adhere to the requirements of this article or the Rules and Regulations;

8. The Applicant or Licensee engaged in unlicensed Commercial Cannabis Activity in violation of Section 104.15;

9. Temporary Approval has been revoked;

10. The Applicant or Licensee failed a Business Premises inspection by DCR, another City agency, or the Los Angeles County Department of Public Health; or

11. If the Application is subject to Section 104.20, the Applicant or Licensee failed to comply with any requirement in Section 104.20.

(b) **Business Premises Denial Reasons.** With no hearing and based upon written findings supported by evidence in the record, a Pre-Application Record, 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 proposed Business Premises fails to meet any of the requirements of Article 5 of Chapter X of this Code;

2. The Applicant's Business Premises is located in a Community Plan Area which has reached Undue Concentration, unless the City Council has adopted written findings that approval of the License Application would serve public convenience or necessity, supported by evidence in the record;

3. The Business Premises is owned or managed by a Person who holds office in any agency of the State of California and any of its political subdivisions, including the City and any of its agencies, departments, commissions or boards of the State of California or its political subdivisions if the Person's duties include the enforcement or regulation of Commercial Cannabis Activity or any other penal provisions of law of the State of California prohibiting or regulating Commercial Cannabis Activity;

4. For a period of five year years from the date of any conviction if the Business Premises was the site of illegal volatile Cannabis manufacturing under Health and Safety Code Section 11379.6;

5. For a period of five year years from the date of any conviction if the Business Premises was the site of distribution of Cannabis to minors

6. For a period of five year years from the date of any conviction if the Business Premises was the site of any illegal Commercial Cannabis Activity after April 1, 2018;

7. For a period of five year years from the date of any conviction if the Business Premises was the site of unlicensed Commercial Cannabis Activity, in violation of Section 104.15, on or after January 1, 2018;

8. For a period of five year years from the date of any conviction if the Business Premises is located on any portion of any parcel of land used as an Unlawful Establishment, in violation of Section 104.15, on or after January 1, 2018;

9. For a period of five year years from the date of any utility disconnection if the Business Premises was the site of a disconnection of utilities under Section 104.15(e); or

10. For a period of five year years from the date of any padlocking if the Business Premises was the site of padlocking under Section 104.15.1.

(c) **Ownership Denial Reasons.** With no hearing and based upon written findings supported by evidence in the record, Temporary Approval, an Annual License, or the renewal of Temporary Approval or an Annual License may be denied if the Owner(s) of the Applicant or Licensee is ineligible for any of the following reasons:

1. An individual who holds office in, is employed by, or is appointed to, any agency of the State of California and any of its political subdivisions, including the City and any of its agencies, departments, commissions or boards, when the individual's duties include the enforcement or regulation of Commercial Cannabis Activity or any other penal provisions of law of the State of California prohibiting or regulating Commercial Cannabis Activity; or

2. Any entity that is incorporated outside of the United States.

(d) **Disqualification of Primary Personnel.** Primary Personnel convicted of any of the following offenses within the time specified shall be disqualified and are prohibited from applying for or holding a Temporary Approval or Annual License. Unless the Primary Personnel is a Social Equity Individual Applicant, the Applicant may submit a modification request pursuant to Section 104.03(c) to remove the disqualified Primary Personnel. Primary Personnel may be subject to LiveScan or a similar review of criminal history.

1. For a period of five year years from the date of any conviction for Illegal volatile Cannabis manufacturing under Health and Safety Code Section 11379.6;

2. For a period of five years from the date of any conviction for a violation of any State or local law involving wage or labor provisions;

3. For a period of five years from the date of any conviction for a violation of any law involving distribution of Cannabis to minors;

4. For a period of five years from the date of any conviction for Illegal Commercial Cannabis Activity after April 1, 2018;

5. For a period of five years from the date of any conviction for a violation of any State or local law involving distribution or sales of tobacco or alcohol to minors;

6. The later of a period of 20 years from the date of any conviction for or completion of a term of imprisonment, supervised release, or probation imposed as a sentence for a conviction for a violent felony as defined in California Penal Code Section 667.5, a serious felony conviction as defined in California Penal Code Section 1192.7, or a felony conviction for violating any law involving violent crimes, sex trafficking, rape, crimes against children, gun crimes, or hate crimes;

7. For a period of 20 years from the date of a felony conviction for a crime involving fraud, deceit, or embezzlement. In addition, an individual with a felony conviction under this subsection shall be prohibited from serving as an Authorized Agent, as defined in the Rules and Regulations, or agent for service of process on any Application; or

8. For a period of five years from a civil judgment concerning illegal Commercial Cannabis Activity.

(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 another 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.

1. If DCR suspends a Temporary Approval or Operating Permit because the Licensee is conducting Commercial Cannabis Activity without a State License or without a required permit, inspection or clearance to operate from another city, state or public agency, DCR may reinstate the Temporary Approval or Operating Permit if the Licensee provides evidence of the relevant State License(s) or required permit, inspection or clearance to operate, or if such a showing is made during an administrative hearing. DCR shall not reinstate the

Temporary Approval or Operating Permit if a utility disconnection, padlocking, or other enforcement action occurs during the period of suspension that renders the Business Premises ineligible under Section 104.04(b).

2. DCR may issue a Notice of Violation based upon notice from another city, state, or other public agency, including but not limited to the Los Angeles Fire Department or Department of Building and Safety, that the Licensee has not taken the necessary corrective action, within 90 days, or other time allotted by the citing agency, to cure a violation, notice to correct, or other form of non-compliance. The Licensee may request an administrative hearing pursuant to Section 104.14.

Sec. 4. Section 104.05 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.05. TEMPORARY APPROVAL.

(a) **Temporary Approval Application – Filing.** A Temporary Approval Application shall be filed following: (1) a determination that the Pre-Application Record is eligible for further processing pursuant to Section 104.03(a); (2) the submission to DCR's Licensing Portal of all completed Temporary Approval information, forms, and documents required by the Rules and Regulations; and (3) the payment of the applicable application fee(s) for each Commercial Cannabis Activity pursuant to Section 104.19. The Temporary Approval Application shall be abandoned if requested information or documents are not submitted, or fees are not paid, within the allotted time.

(b) **Temporary Approval.** DCR may, at its discretion, issue Temporary Approval to engage in Commercial Cannabis Activity, provided that the Applicant pays the Temporary Approval Application Fee for each Commercial Cannabis Activity, pursuant to Section 104.19, and the following requirements are met: (1) the Temporary Approval Application is filed pursuant to subsection (a); (2) the Business Premises passes an Initial Inspection; and (3) if applicable, any Applicant subject to Section 104.20 provide all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns at least the minimum Equity Share required under Section 104.20(a)(2). An Applicant seeking Temporary Approval shall submit all required information, forms, and documents through the DCR Licensing Portal 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, or the Temporary Approval Application shall be abandoned pursuant to Section 104.03(f).

(c) Issuance of Temporary Approval does not create a vested right in the holder to either a renewal of the Temporary Approval, or to the issuance of a subsequent Annual License. Temporary Approval authorizes the Licensee to conduct Commercial Cannabis Activity(ies), subject to the Licensee obtaining all necessary permits, licenses, or other authorizations required by law from the City, State or other

public agencies. Temporary Approval does not waive or otherwise circumvent other City or State requirements or necessary permits from the City, State, or other public agencies, including, but not limited, to, a Certificate of Occupancy, permit or authorization of the Los Angeles Fire Department, health permit from the County of Los Angeles, or a State License. A Licensee with Temporary Approval shall follow all applicable Rules and Regulations as would be required if the Applicant held an Annual License of the same type.

(d) If, at any time during the processing of an Application or after the issuance of Temporary Approval, it is discovered that an Application has been improperly prepared or required information, forms or documents have not been submitted in accordance with this article or the Rules and Regulations, upon notification to the Applicant, processing of that Application shall be suspended until the Application has been corrected or the required information, forms or documents are provided.

(e) DCR shall cease accepting new Temporary Approval Applications from any Applicant not subject to Section 104.20 as of June 30, 2023. DCR may accept Temporary Approval renewal applications from Licensees not subject to Section 104.20 until February 28, 2027.

(f) DCR shall cease accepting new Temporary Approval Applications from Social Equity Applicants by July 31, 2023. DCR may accept timely Temporary Approval renewal applications from Social Equity Applicants until February 28, 2027.

(g) Any Temporary Approval issued for calendar year 2027 may not be renewed and shall expire on December 31, 2027, after 11:59 p.m.

(h) Any Temporary Approval Application abandoned under Section 104.03(f) after July 1, 2023, shall be refiled as an Annual Application.

Sec. 5. Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.06. ANNUAL LICENSES.

(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 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 or documents are not submitted, or fees are not paid, within the allotted time.

(b) Annual Licenses for Storefront Retailer Commercial Cannabis Activity or Microbusiness with On-Site Sales (Types 10 and 12).

1. Within 30 days of the filing of an Annual Application for Storefront Retailer Commercial Cannabis Activity or Microbusiness with on-site sales 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 Community Meeting Fee pursuant to Section 104.19 within 30 days from the date of the invoice.

(ii) Within 10 days of receipt of the Notice of Complete Application for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales, the Applicant or a designated representative shall contact the Neighborhood Council in which the Storefront Retailer Commercial Cannabis Activity or Microbusiness 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.

(iii) Within 45 days of sending a Notice of Complete Application, DCR shall conduct a community meeting via video or telephone conferencing, or in-person within the defined geographic area of the Area Planning Commission within which the Business Premises is situated. 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; (2) Applicant's Owners and Authorized Agent(s), as defined by the Rules and Regulations; and (3) 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. Where all property within the 700-foot radius is under the same ownership as the Business Premises, the owners of all property that adjoins that ownership, or is separated from it only by a street, alley, public right-of-way or other easement, shall also be notified as set forth above.

(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. The Applicant shall post the notice in conspicuous place on the property where the Business Premises is located. The posted notice shall be provided by DCR electronically and 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 Section 104.07, Type 10 Licenses shall be limited to only Social Equity Applicants, as defined in Section 104.20(a) and (b), until January 1, 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)-(C) 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 or required information, forms or documents have not been submitted in accordance with this article or the Rules and Regulations, 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.

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.

(c) **Annual Licenses for All Other Commercial Cannabis Activity.** For Commercial Cannabis Activity that is not Retailer Commercial Cannabis Activity or Microbusiness with on-site sales, 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(a) and (b), until January 1, 2025.

1. DCR may deny the issuance of the Annual License with written findings supported by evidence in the record for any of the reasons listed in Section 104.04. 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 of an Annual License upon exhaustion of all administrative appeals shall terminate any active Temporary Approval.

2. DCR may approve the issuance of the Annual License with the imposition of conditions to address public safety concerns. 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 or required information, forms or documents have not been submitted in accordance with this article or the Rules and Regulations, 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.

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, 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.

(d) **CEQA.** Compliance with the California Environmental Quality Act (CEQA).

1. **CEQA Definitions.** The following definitions shall apply in this subsection:

(i) **“CEQA”** means the California Environmental Quality Act, California Public Resources Code Sections 21000 *et seq.* (CEQA Guidelines, Section 15353.)

(ii) **“Environment”** means the physical conditions existing within the area which will be affected by a proposed project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historical or aesthetic significance. The area involved shall be the area in which significant effects would occur either directly or indirectly as a result of the project. The “environment” includes both natural and man-made conditions. (CEQA Guidelines, Section 15360.)

(iii) **“Lead Agency”** means the public agency which has the principal responsibility for carrying out or approving a project. The Lead Agency will decide whether an EIR or Negative Declaration will be required for the project and will cause the document to be prepared. Criteria for determining which agency will be the Lead Agency for a project are contained in Section 15051. (CEQA Guidelines, Section 15367.)

(iv) **“Project”** means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment as defined by CEQA Guidelines Section 15378.

(v) **“Responsible Agency”** means a public agency which proposes to carry out or approve a project, for which a Lead Agency is preparing or has prepared an EIR or Negative Declaration. For the purposes of CEQA, the term “Responsible Agency” includes all public agencies other than the Lead Agency which have discretionary approval power over the project. (CEQA Guidelines, Section 15381.)

(vi) **“Significant Effect on the Environment”** means a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project, including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant. (CEQA Guidelines, Section 15382.)

2. Upon the submission of an Annual License Application containing a complete project description for a License, and payment of all applicable fees, DCR shall determine whether the Project has been subject to environmental review under CEQA within the previous five years, and, if not, what form of environmental review for the License is appropriate. If DCR acts as the local Lead Agency under CEQA, it may, at its sole discretion and subject to its own independent review and discretion for purposes of approval, request that the Applicant prepare the applicable CEQA documentation which may include: reliance on one or more categorical or statutory exemptions, a negative declaration or mitigated negative declaration, an environmental impact report, a sustainable communities environmental assessment, an addendum or other document provided by CEQA. The Commission shall delegate the following actions to DCR when it considers the issuance of an Annual License: (1) certification of an environmental impact report; (2) adoption of a negative declaration or mitigated negative declaration; or (3) a written determination that a project is not subject to CEQA. If a potentially Significant Effect on the Environment is identified, DCR or, if applicable, the Commission or its designee shall adopt one or more findings, supported by substantial evidence in the record, consistent with Public Resources Code Sections 21081 and 21081.6, and CEQA Guidelines Section 15091. Alternatively, if DCR acts as a Responsible Agency under CEQA, DCR or, if applicable, the Commission or its designee, prior to approval of an Annual License, shall consider the Lead Agency's environmental document and make the findings required by Public Resources Code Section 21081, and CEQA Guidelines Sections 15096(g)-(h) and 15050(b).

3. Appeals concerning CEQA compliance for projects subject to this chapter shall be filed pursuant to the procedures in LAMC Section 197.01 *et seq.* The issuance of an Annual License by DCR or the Commission is not appealable.

4. The renewal of an Annual License with no changes to the Business Premises or Commercial Cannabis Activity is a ministerial approval exempt from the requirements CEQA. (See CEQA Guidelines Sections 15369 and 15268(b)(2).)

(e) **Operating Permits.** Unless a Licensee is issued Temporary Approval, an Annual Licensee shall not conduct Commercial Cannabis Activity until the Licensee obtains an Operating Permit from DCR. To obtain an Operating Permit, the Licensee shall: (1) pass a Final Inspection at the Business Premises; and (2) submit to the DCR Licensing Portal all necessary permits, clearances, licenses, or other authorizations required by law from the City, State or other public agencies, including a Certificate of Occupancy, which may include clearance from the Los Angeles Fire Department and the Department of Water and Power, a permit from the Los Angeles County Department of Public Health, and a corresponding State License. The Licensee shall ensure that all permits or clearances from other agencies match the correct Business Premises location, the Business Premises diagram submitted to DCR, and relevant Commercial Cannabis Activities as the License. If the Licensee is engaged in Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales, the Licensee also shall obtain an Emblem Placard as required in Section 104.23. The issuance of an Annual License does not waive or otherwise circumvent other City or State requirements or necessary permits from the City, State, or other public agencies.

1. DCR shall conduct Final Inspections in the manner as provided in the Rules and Regulations. DCR may require periodic inspections to determine whether the Licensee maintains a non-operational status until an Operating Permit is issued.

2. An Annual Licensee conducting Commercial Cannabis Activity without an Operating Permit or Temporary Approval for the relevant Commercial Cannabis Activity is an Unlawful Establishment. If at any time during the processing of an Annual License Application, after the issuance of an Annual License, or during the processing of an Annual License renewal, DCR discovers that an Annual Licensee is an Unlawful Establishment, DCR may deny the Annual License Application, suspend and/or revoke the Annual License, deny the Annual License renewal, or issue a Notice of Violation pursuant to Section 104.13.

3. DCR shall not issue an Operating Permit if the Business Premises is associated with any active NOVs or NTCs issued under Section 104.13.

Sec. 6. Subdivision 7 of Subsection (b) of Section 104.06.1 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

7. DCR shall, subject to review of any applications previously deemed ineligible as described below, process Applications up to and including DCR Record No. LA-C-19-310245-R-APP from the list published by DCR titled "Phase 3 Retail Round 1 Submissions (09/03/19, 10 am to 09/17/2019, 10 am)," dated September 26, 2019. Notwithstanding any prior notice and/or action by DCR, a Social Equity Individual Applicant that was deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019, the failure to submit proof of deposit, or due to

proximity to a Sensitive Use, subject to relocation, may be deemed eligible for further processing if all other requirements are met. Applications deemed eligible for further processing under Section 104.06.1(b)(6) as of January 1, 2020, and Applications deemed eligible for further processing under Section 104.06.1(b)(7) after January 1, 2021, shall not be included in the calculation of Undue Concentration.

Sec. 7. Subsection (c) of Section 104.07 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(c) DCR's determination of whether an EMMD Applicant is eligible for Proposition M Priority Processing shall be made with no hearing and shall be final and effective upon the close of the 15-day appeal period if the EMMD Applicant does not timely request an administrative hearing as provided in Section 104.14. In making its determination, DCR may request additional information from the EMMD Applicant. DCR shall consider whether the EMMD Applicant cured any non-substantive administrative violations of LAMC Section 45.19.6.3, Subsections C. through F., and M.. DCR shall make written findings when the EMMD Applicant does not meet the requirements for priority processing for EMMDs. If DCR deems a Proposition M Priority Processing Application complete and eligible for a Proposition M Priority Processing, DCR shall issue the EMMD a Temporary Approval after the EMMD Applicant submits all required and completed information, forms, and documents to meet the Temporary Approval requirements in the Rules and Regulations. An EMMD Applicant may only conduct Commercial Cannabis Activity with an active State License for that Commercial Cannabis Activity. DCR may immediately suspend or revoke the Temporary Approval if the EMMD fails to abide by any City operating requirement. An EMMD Applicant issued a Temporary Approval shall have their Annual License Application processed pursuant to Section 104.06.

Sec. 8. Subsection (a) of Section 104.08 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) An Applicant who applies for a License for Commercial Cannabis Activity that is not Retailer Commercial Cannabis Activity and who meets the following criteria, as determined by DCR, shall receive Temporary Approval if: (1) the Applicant was engaged prior to January 1, 2016, in the same Commercial Cannabis Activity that was not Retailer Commercial Cannabis Activity for which it now seeks a License; (2) the Applicant is not engaged in Retailer Commercial Cannabis Activity at the Business Premises; (3) the Applicant provides evidence and attests under penalty of perjury that the Applicant was a supplier to an EMMD prior to January 1, 2017; (4) the Business Premises meets all requirements of Article 5 of Chapter X of this Code; (5) the Applicant passes an Initial Inspection; (6) there are no fire or life safety violations on the Business Premises; (7) the Applicant paid all outstanding City business tax obligations; (8) the Applicant provides a written attestation that the Applicant will enter into an agreement with a testing laboratory for testing of all Cannabis and Cannabis products and attests to testing all of its Cannabis and Cannabis products in accordance with state standards;

(9) the Applicant attests that the Applicant will cease all operations if denied a State License or City License; (10) the Applicant qualifies under the Social Equity Program as it existed as of January 1, 2020; and (11) the Applicant submits all required and completed information, forms, and documents to meet the Temporary Approval requirements in the Rules and Regulations. DCR may immediately suspend or revoke the Temporary Approval if the Applicant fails to abide by any City operating requirement. For purposes of this subsection only, an Applicant who has entered into a payment plan with the City's Office of Finance pursuant to LAMC Section 21.18 to pay all outstanding City-owned business taxes is deemed current on all City-owned business taxes and is deemed to have submitted payment for all City-owned business taxes. Prior to determining that an Applicant is eligible for processing under this section, DCR, at its discretion, may provide an Applicant with Local Compliance Underway status to apply for a provisional license from the State. A status of Local Compliance Underway shall not permit an Applicant to conduct Commercial Cannabis Activities unless DCR grants the Applicant Temporary Approval or an Operating Permit. Local Compliance Underway must be renewed annually pursuant to Section 104.12 until a License is issued.

Sec. 9. Section 104.10 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.10. LICENSE APPEAL PROCEDURE.

(a) Appeals – General.

1. Unless otherwise specified, an appeal must be filed with DCR within 15 days of the date the written decision being appealed was mailed or sent by electronic mail, whichever is earlier. An appeal shall be filed following the submission of all required and completed appeal information, forms, and documents, and the payment of all relevant appeal fee(s) pursuant to Section 104.19. The right to an appeal shall be waived if the Applicant or Licensee fails to timely file an appeal. Failure to file an administrative appeal shall constitute a failure to exhaust administrative remedies.

2. The Applicant or Licensee shall set forth the specific basis upon which an error or abuse of discretion by the lower level decision maker is asserted. The lower level decision maker shall transmit to the appellate body the appeal, the file of the matter, along with any report, if one was prepared, responding to the allegations made in the appeal.

3. The time for holding any hearing required under this section may be extended by mutual agreement between the appellate body and the appellant. If the appellate body is the Commission, DCR shall have the authority to extend the time on behalf of the Commission. Failure of the appellate body to act within the time period allowed, including any extensions, shall be deemed a denial of the appeal.

4. The appellate body may consider the decision and record before the lower level decision maker and any new written information and oral testimony timely provided to the appellate body. The appellate body shall rule on the record and evidence de novo, substituting its own judgment for that of the lower level decision maker without deferring to the lower level decision maker's findings and determinations. The appellate body may reverse or modify, in whole or in part, any decision of the lower level decision maker, including any penalties or fines assessed by the lower level decision maker. The appellate body shall make written findings supported by evidence in the record.

5. The appellate body shall mail its determination on the appeal within 30 days of the closure of the hearing on the appeal. Failure of the appellate body to issue a timely determination shall be deemed a denial of the appeal.

6. If there are no further appeals available, a determination issued by an appellate body is final and effective on the date of mailing the determination and shall exhaust all administrative remedies.

(b) Appeals to Administrative Hearing Officers.

1. A request for an administrative hearing may be filed for the matters listed in Section 104.14(a). Administrative appeal hearings shall be conducted in the manner specified in Section 104.14.

2. An administrative hearing officer shall hold a hearing to consider an appeal within 60 days of the date the request for an administrative hearing is filed.

3. There is no further appeal to the Commission or City Council of an administrative hearing officer's determination. A final determination by an administrative hearing officer shall exhaust all administrative remedies.

(c) Appeals to the Commission.

1. A request for an appeal to the Commission may be filed by the Applicant for the following:

(i) DCR's denial of an Annual License Application for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales pursuant to Section 104.06(b)(2)(ii).

(ii) DCR's denial of an Annual License Application for Commercial Cannabis Activity that is not Storefront Retailer or Microbusiness with onsite sales pursuant to Section 104.06(c)(1).

2. The Commission shall hold a public hearing to consider an appeal within 90 days of the Commission's receipt of the appeal. DCR shall provide notice of a Commission public hearing under Section 104.06(b)(1)(iii)(A)-(C) no less than 20 days prior to the date of the hearing.

(d) Appeals to City Council.

1. A request for an appeal to the City Council may be filed by the Applicant for the Commission's denial of an Annual License application for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales pursuant to Section 104.06(b)(2)(v).

2. The City Council shall hold a public hearing to consider the appeal within 15 City Council meeting days of City Council's receipt of the appeal. No later than three days prior to any City Council hearing under this subsection, DCR shall provide notice of the hearing by electronic mail to the Applicant.

Sec. 10. Section 104.11 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.11. MANDATORY REQUIREMENTS.

(a) A License is not transferable unless the change to the Licensee's organizational structure or ownership is submitted to and approved by DCR pursuant to Section 104.03(c). A change from non-profit status to for-profit status by an EMMD is exempt from this requirement if no other ownership change is made in accordance with Proposition D's ownership rules and notice is provided to DCR within five days. This exemption is not available after a License is issued.

(b) A License for Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales must be prominently displayed at the Business Premises in a manner that makes it readable from the exterior of the Business Premises.

(c) Licensees shall designate a supervisor, manager or person-in-charge at all times during regular business hours.

(d) The name and contact number of the Neighborhood Liaison must be prominently displayed at the Business Premises in a manner that makes it readable from the exterior of the Business Premises.

(e) Cannabis, Cannabis products, and Cannabis-related materials associated with a License or Licensee's Business Premises shall not be considered "Drug paraphernalia" as defined in LAMC Section 45.19.5.

(f) An Applicants or Licensee shall adhere to all the operational requirements in the Rules and Regulations.

(g) Applicants and Licensees shall be subject to inspection, investigation or audit by DCR or its agents, with no notice required, to determine compliance with this article or the Rules and Regulations. An inspection, investigation or audit is a review of any books, records, accounts, inventory, or on-site operations specific to the Business Premises and License.

1. DCR and its agents may conduct an on-site inspection prior to issuing a new or renewal License, or for the purpose of a compliance inspection resulting from a complaint or investigation, in accordance with the requirements of the State of California and the Rules and Regulations. DCR may record the inspection, investigation, or audit.

2. Failure to cooperate fully with an inspection, investigation or audit is a violation of this article.

(h) In construing and enforcing this article and the Rules and Regulations, any act, omission, or failure of an agent, officer, or other person acting for or employed by a Licensee, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the Licensee.

(i) If an Applicant or Licensee contends that any information provided to the City is confidential, the Applicant or Licensee shall mark that information as confidential at the time of submitting it to the City. If the City obtains a request for disclosure of the information, the City may provide the Applicant or Licensee notice of the request for disclosure and allow the Applicant or Licensee a period of time determined by the City for the Applicant or Licensee to seek a court protective order. The City may publically release the information absent the issuance of the protective order or if the City is required by law to release the information.

(j) A Licensee shall make a good-faith effort to have no less than 30% of the weekly hours of the Licensee's workforce performed by employees whose primary place of residence is within a 3-mile radius of the Business Premises. A Licensee shall make a good-faith effort to have no less than 10% of the weekly hours of the Licensee's workforce performed by employees who are Transitional Workers. Transitional Worker means a person who, at the time of starting employment at the Business Premises, resides in an Economically Disadvantaged Area or Extremely Economically Disadvantaged Area, as those terms are defined in Section 11.5.6 of this Code, and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) being emancipated from the foster care system; (8) being a veteran; or (9) being over the age of 65 and financially compromised. At a minimum, a Licensee is required to contact local community-based organizations, City of Los Angeles WorkSource Centers, and other such similar organizations to facilitate job outreach, development, and placement services. A Licensee is required to provide to DCR a detailed annual report on or

before the final day of February every year that provides evidence of its outreach efforts, including the number of persons interviewed, and details on who was hired to satisfy the good-faith effort requirement.

(k) It shall be unlawful for a Licensee or any other party to discriminate in any manner or take adverse action against any employee in retaliation for exercising rights protected under this article. These rights include, but are not limited to: the right to file a complaint or inform any person about any party's alleged noncompliance with this article; and the right to inform any person of his or her potential rights under this article and to assist the employee in asserting such rights. Protections under this article shall apply to any Employee who mistakenly, but in good faith, alleges noncompliance with this article. Taking adverse action against an Employee within 90 days of the Employee's exercise of rights protected under this article shall raise a rebuttable presumption of having done so in retaliation for the exercise of such rights.

(l) All Licensees shall obtain a permit from the Los Angeles County Department of Public Health. If the Licensee is engaged in Storefront Retailer or Microbusiness Commercial Cannabis Activity with on-site sales, the Licensee shall also obtain an Emblem Placard pursuant to Section 104.23.

Sec. 11. Subsection (a) of Section 104.12 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) All records shall be renewed annually, including Temporary Approvals, Annual Licenses, Annual Licenses with Operating Permits, and records with a status of Local Compliance Underway. If a record is not timely renewed, it shall expire after 11:59 p.m. on December 31 for the year issued. To renew any record, an Applicant or Licensee shall submit a renewal application, and pay the applicable renewal fee pursuant to Section 104.19, no earlier than 120 days before the expiration of the record, and no later than 60 days before the expiration of the record. Failure to receive a notice for renewal from DCR does not relieve a Licensee or Applicant of the obligation to renew. In the event that a License or Operating Permit is not renewed prior to the expiration date, the Licensee shall cease all Commercial Cannabis Activity until such time that the Licensee is issued a new License or Operating Permit from DCR and a State License.

Sec. 12. Subsection (b) of Section 104.12 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(b) At the time a License renewal application is submitted to DCR, a Licensee must include the information, forms and documents required by the Rules and Regulations. As part of the renewal process, DCR may require modification to the Licensee's security plan. Except for Tier 3 Licensees, Licensees subject to Section 104.20 shall also submit Equity Share documents in compliance with Section 104.20(a)(2).

Sec. 13. Subsection (c) of Section 104.12 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(c) To renew a record, the Applicant or Licensee shall be in good standing with the requirements of this article and shall not be delinquent on any City tax, City fee, or fee payments previously deferred under Section 104.20(c)(4)(ii). For purposes of this subsection only, a Licensee who has entered into a payment plan with the City's Office of Finance pursuant to LAMC Section 21.18 to pay all outstanding City-owed business taxes shall not be deemed delinquent on any City tax.

Sec. 14. Subsection (f) of Section 104.12 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(f) A Licensee may file an administrative appeal of DCR's decision to deny a renewal pursuant to Section 104.14 within 15 days of the date of DCR sent the denial letter by electronic mail.

Sec. 15. Section 104.13 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 104.13. ADMINISTRATIVE VIOLATIONS AND PENALTIES.

(a) **Violations of this Article.** Within five years of discovering a Licensee has violated this article, the Rules and Regulations, or a License condition, DCR may issue a Notice to Correct (NTC), Notice of Violation (NOV), Notice of Suspension (NOS), or Notice of Revocation (NOR). DCR may impose administrative penalties or order corrective actions pursuant to Subsection (b). DCR's action does not preclude any other agency from taking its own enforcement action for violation of any local, state or federal law or regulation.

(b) Administrative Penalties and Corrective Actions.

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.

2. **Reduction in Penalties or Extension of Time to Comply.** DCR, in its sole discretion, may impose a reduced administrative penalty or consider an extension of time to comply with an NTC or NOV, including the payment of any associated penalties, 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; (5) any mitigating evidence; and (6) the Licensee's financial resources.

3. **More Restrictive License Conditions.** In addition to any of the remedies and penalties set forth in this article or any other law, DCR, in its sole discretion, may impose more restrictive License conditions 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.

4. **Corrective Action.** In addition to any of the remedies and penalties set forth in this article or any other law, DCR may order a Licensee to undertake corrective action to remedy the violation or prevent future violations by issuing a NTC or NOV pursuant to Subsections (c) and (d).

(c) **Notice to Correct (NTC).**

1. DCR may issue a NTC if DCR discovers that a Licensee has made modifications without DCR's prior approval, including but not limited to: (1) modifications to the fictitious name or DBA, or the failure to submit fictitious name or DBA; (2) modifications to Owners and/or Primary Personnel, or the failure to disclose all Owners and/or Primary Personnel; and (3) any other violation of the Rules and Regulations that DCR deems appropriate in its sole discretion. DCR shall issue a NTC by electronic mail to the Licensee. There is no administrative penalty associated with a NTC. The NTC shall contain all of the following:

- (i) a brief description of the unapproved modification or violation;
- (ii) a brief description of the corrective action required; and
- (iii) a timeframe in which the Licensee shall take corrective action.

2. DCR may issue a NOV, including administrative penalties, if the Licensee does not comply with a NTC within 30 days. A Licensee may request an extension pursuant to Subsection (b).

(d) **Notice of Violation (NOV).**

1. DCR may issue a NOV for any violation of this article or the Rules and Regulations. DCR shall issue a NOV by electronic mail to the Licensee. The NOV shall contain all of the following:

- (i) a brief description of the violation;
- (ii) a brief description of, and rationale for, the administrative penalties and corrective action, if any, imposed;

(iii) a timeframe in which the Licensee shall take corrective action and/or comply with the administrative penalties, if any, which shall not be sooner than 15 days from the date DCR sent the NOV by electronic mail; and

(iv) information on how the Licensee may request an administrative hearing pursuant to Section 104.14.

2. The Licensee shall request any administrative hearing within 15 days of the date DCR sent the NOV by electronic mail. The NOV shall include an invoice for the relevant administrative appeal fee, pursuant to Section 104.19, which shall be due within 15 days from the date the invoice was issued.

3. If no appeal is requested, the NOV shall be final and effective 15 days after the date the NOV was sent by electronic mail to the Licensee. DCR shall issue an invoice for the associated administrative penalty or fine, if any, which shall be due 30 days from the date the invoice was issued.

4. If a hearing is requested, the determination issued by the hearing officer shall be final and effective on the date the determination is sent by electronic mail and U.S. mail to the Licensee. An invoice for outstanding penalties or fines, if any, shall be sent with the hearing officer's determination and shall be paid within 30 days of the date the invoice was issued, unless otherwise specified in the hearing officer's determination. Any corrective action required of the Licensee shall be completed within 30 days of the date that the final determination is sent to the Licensee, unless otherwise specified in the hearing officer's determination.

5. If, after a NOV becomes final and effective, a Licensee fails to comply with any administrative penalties and/or corrective action in the NOV, DCR may take one or more of the following actions: (1) denial of a License renewal; (2) imposition of more restrictive License conditions; (3) issuance of another or escalating NOV; or (4) suspension or revocation of a License or Operating Permit pursuant to Subsection (e).

6. **Stipulated Agreements.** Prior to or after issuing a NOV, DCR, in its sole discretion, may enter into a written agreement with a Licensee whereby the Licensee stipulates to committing a violation in exchange for a negotiated administrative penalty or corrective action. If a Licensee violates a stipulated agreement, DCR may issue or re-issue a NOV and impose any administrative penalties authorized under this section or the Rules and Regulations.

(e) **Suspension or Revocation of Temporary Approval, Annual License, or Operating Permit.**

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 and/or an Operating Permit by issuing a Notice of Suspension 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.

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 and/or an Operating Permit by issuing a Notice of Revocation 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.

3. A Licensee with a suspended or revoked Operating Permit or Temporary Approval may not conduct Commercial Cannabis Activity pending the outcome of the administrative hearing.

4. The revocation of an Annual License automatically revokes the associated Operating Permit.

(f) **Administrative Hold.** To prevent destruction of evidence, illegal diversion of Cannabis or a Cannabis product, or to address a potential threat to the environment or public safety, DCR may order an administrative hold of Cannabis or a Cannabis product. DCR shall send notice of administrative hold to the Licensee by electronic mail and shall provide a description of the Cannabis and/or Cannabis product subject to the administrative hold, along with a statement for the basis of issuing the administrative hold. Within 24 hours of receipt of the notice of administrative hold, the Licensee shall physically segregate all applicable Cannabis and/or Cannabis products subject to the hold and shall safeguard and preserve the subject property as required in the notice and the Rules and Regulations. Following the issuance of a notice of administrative hold, the Licensee shall identify the Cannabis and/or Cannabis product subject to the administrative hold in the State's track-and-trace system. While the administrative hold is in effect, the Licensee is restricted from selling, donating, transferring, transporting, or destroying the administratively held property. Nothing herein shall prevent a Licensee from the continued possession, cultivation, or harvesting of Cannabis subject to the administrative hold. During the hold period, all

Cannabis and/or Cannabis products subject to an administrative hold shall be put into separate batches. A Licensee may voluntarily surrender Cannabis and/or a Cannabis product that is subject to an administrative hold if identified in the State's track-and-trace system. Voluntary surrender does not waive the right to an administrative hearing pursuant to Section 104.14 within 15 days of the date of mailing of the written notice by DCR.

Sec. 16. Subsection (a) of Section 104.14 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) A request for an administrative hearing may be filed for the following DCR actions:

1. Issuance of a NOV;
2. Denial of a renewal application for a License and/or a renewal of an Operating Permit;
3. Notice of an administrative hold;
4. Determination that an Applicant is not eligible under Sections 104.07 or 104.08; or
5. A Notice of Suspension or a Notice of Revocation pursuant to Section 104.04(e) and/or Section 104.13(e).

Sec. 17. Subsection (b) of Section 104.14 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(b) For hearings authorized by Subsection (a)(5), the Licensee shall file a request for an administrative hearing within 5 days of the date the Notice of Suspension or Notice of Revocation was sent by electronic mail. A request for an administrative hearing is filed following the submission of all required and completed appeal information, forms, and documents, and the payment of all relevant appeal fee(s) under Section 104.19. An administrative hearing shall be held within 10 days of the Notice of Suspension or Notice of Revocation, unless the Licensee and DCR mutually agree to a later date. Pre-hearing disclosures pursuant to Subsection (e) shall be sent by simultaneous email service upon the other party, either DCR or the Licensee, and the hearing officer no later than two (2) days before the hearing. A Licensee shall not conduct Commercial Cannabis Activity pending the outcome of the administrative hearing.

Sec. 18. Subsection (c) of Section 104.14 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(c) For all other hearings authorized by Subsection (a), the Licensee shall file a request for an administrative hearing within 15 days of the date the written decision being appealed was sent by electronic mail, unless a later date is provided in the notice. A request for an administrative hearing is filed following the submission of all required and completed appeal information, forms, and documents, and the payment of all relevant appeal fee(s) under Section 104.19. A Licensee may continue to conduct Commercial Cannabis Activity pending the hearing officer's final determination. If DCR places an administrative hold on Cannabis and/or a Cannabis product, the hold shall remain in effect pending the outcome of the administrative hearing.

Sec. 19. Subsection (d) of Section 104.14 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(d) DCR shall select a hearing officer and schedule an administrative hearing within 60 days of the date the request for an administrative hearing was filed. The time for holding a hearing may be extended by mutual agreement between DCR and the appellant. DCR shall send the notice of the hearing by electronic mail no later than 20 days prior to the date of the hearing.

Sec. 20. The unnumbered paragraph after Subdivision 5 of Subsection (f) of Section 104.14 shall be amended to read as follows:

6. The hearing officer's determination shall be final and effective on the date it is sent by electronic mail and U.S. mail to the Applicant or Licensee. The issuance of a final determination from a hearing officer after an administrative appeal hearing exhausts administrative remedies.

Sec. 21. Subparagraph 4 of Section 104.20(a)(2)(ii) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(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 his or her 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.

Sec. 22. Subparagraph 2 of Section 104.20(b)(1)(ii) of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(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.

Sec. 23. Paragraph (iii) of Subdivision 2 of Subsection (c) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(iii) **Tier 3 Applicants.** A Tier 3 Applicant shall make a good faith effort to have no less than 50% of the weekly hours of the Licensee's workforce performed by employees whose primary place of residence is within a 3-mile radius of the Business Premises. Of those employees, 30% shall be Social Equity Workers and 10% Transitional Workers. At a minimum, a Licensee is required to contact local community-based organizations, City of Los Angeles Work Source Centers, and other similar organizations to facilitate job outreach, development, and placement services. A Licensee is required to provide a detailed annual report no later than the last day of February that provides evidence of its outreach efforts, including the number of persons interviewed, and details on who was hired to satisfy the good faith requirement.

Sec. 24. **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. 25. **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, among other City departments, 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 may therefore 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 requiring those businesses to operate under strict regulations that are primarily intended to protect the public welfare. In particular, these amendments establish a first-in-time annual licensing process that ensures that an Annual Licensee shall not conduct commercial Cannabis activity until the Licensee passes a Final Inspection and provides DCR with copies of all necessary permits, clearances, licenses, or other authorizations required by law from the City, State or other public agencies. In other words, prior to conducting commercial Cannabis activity, Annual Licensees must pass inspections from DCR, the Los Angeles Department of Building and Safety, the Los Angeles Fire Department and/or County of Los Angeles Public Health Department, among others, to ensure the Business Premises is safe for


employees and customers of the business, and its Cannabis products are cultivated, manufactured, prepared, processed and sold in compliance with the requirements of the regulated Cannabis marketplace. Only after an applicant business obtains all required permits and/or clearances, and passes a Final Inspection, will the business be issued an Operating Permit that authorizes the business to conduct commercial Cannabis activity. This ordinance also grants DCR the authority to suspend or revoke an Annual License and/or Operating Permit for the same reasons as Temporary Approval, including suspension or revocation for life safety violations or unlicensed commercial Cannabis activity. This is necessary to ensure that a business ceases operations when the City is aware of a dangerous condition or illegal cannabis activity. For all of these reasons, this ordinance shall become effective upon publication pursuant to Section 253 of the Los Angeles City Charter.

Sec. 26. 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 
TAYLOR C. WAGNIERE
Deputy City Attorney

Date 

File No. _____

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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 _____