

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Article 4, Chapter X of the Los Angeles Municipal Code to regulate commercial cannabis activities in the City of Los Angeles.

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

Section. 1. Subdivision 17 of Subsection (a) of Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

17. **"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.

Sec. 2. Subdivision 25 of Subsection (a) of Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

25. **"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.

Sec. 3. Subdivision 28 of Subsection (a) of Section 104.01 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

28. **"Undue Concentration"** means the Applicant's Business Premises is located within a higher cannabis license/population ratio within the community plan based on the 2016 American Community Survey, updated by each decennial census, than the following: ratio of one license per 10,000 residents for Retailer (Type 10); ratio of one license per 7,500 residents for Microbusiness (Type 12); ratio of 1 square foot of cultivated area for every 350 square feet of land zoned M1, M2, M3, MR1, and MR2 with a maximum aggregate of 100,000 square feet of cultivated area and 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 Retailer (Type 10) Licenses, and a Microbusiness involved in Cultivation counts towards the Undue Concentration limits applied to Cultivation Licenses (Types 1A, 1C, 2A, 3A, and 5A).

Sec. 4. Subdivision 2 of Subsection (a) of Section 104.02 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

2. A Person may hold an ownership or profit-sharing interest of 20 percent or greater in no more than three Type 10 or Type 9 Licenses.

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

(b) DCR shall determine if the application is complete. An incomplete application shall be rejected by DCR. DCR may request additional information, including documents, from the Applicant at any time during application processing. If the Applicant fails to provide the additional information in the time allotted by DCR, the application shall be considered abandoned. An Applicant may withdraw an application prior to the City's approval or denial of the application. An Applicant shall follow the withdrawal process provided in the Rules and Regulations. An Applicant may reapply at any time if an application is withdrawn, rejected or abandoned; however, the Applicant must file a new application. DCR shall not refund any fee for a withdrawn, rejected or abandoned application.

Sec. 6. Subsection (b) of Section 104.04 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(b) After DCR determines an application is complete and before pre-licensing inspection is complete, DCR shall conduct a community meeting within the defined geographic area of the Area Planning Commission within which the Business Premises is situated. At the meeting, DCR shall accept written and oral testimony regarding the application and then prepare a written report summarizing the testimony in favor and against the application. Notice of the meeting shall be provided as specified in Section 104.05(b). This subsection shall not apply to an application for Non-Retailer Activity in a Business Premises less than 30,000 square feet or Non-Storefront Retailer Activity.

Sec. 7. The first paragraph of Subsection (a) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) **Storefront Retailer Commercial Cannabis Activity.** With respect to an application for a License for Storefront Retailer Commercial Cannabis Activity or for Microbusiness Commercial Cannabis Activity that includes Storefront Retailer Commercial Cannabis Activity, DCR shall either deny the issuance of the License with no hearing at any time during application processing or, within 60 days of the date DCR deems the application and pre-licensing inspection complete, make a recommendation to the Commission to issue the License. If DCR recommends issuance of a License, DCR, at its discretion, may issue the Applicant a Temporary Approval to engage in Storefront Retailer Commercial Cannabis Activity at its Business Premises. DCR shall revoke the Temporary Approval if the Commission denies issuance of a License.

Sec. 8. Paragraph (vi) of Subdivision 1 of Subsection (a) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(vii) The Applicant's Business Premises is located in a geographical area of Undue Concentration, unless the Applicant is not subject to a finding of Undue Concentration or 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;

Sec. 9. A new Paragraph (x) is added to Subdivision 1 of Subsection (a) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(x) The Applicant's Business Premises was the site of Unlicensed Commercial Cannabis Activity, in violation of Section 104.15, on or after January 1, 2018.

Sec. 10. The third paragraph of Subdivision 2 of Subsection (a) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

The Commission may approve the issuance of the License with written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of this Code. The Commission may impose conditions to address public safety concerns based on findings and evidence in the record. The Commission shall not approve the issuance of a License for an Applicant with a Business Premises located in a geographical area of Undue Concentration unless the Applicant is not subject to a finding of Undue Concentration or the City Council has found or has been deemed to have found that approval of the application would serve public convenience or necessity.

Sec. 11. Subsection (b) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(b) **Non-Retailer Commercial Cannabis Activity in a Business Premises Less than 30,000 Square Feet or Non-Storefront Retailer Commercial Cannabis Activity.** With respect to an application for a License for Non-Retailer Commercial Cannabis Activity where the Business Premises is less than 30,000 square feet or Non-Storefront Retailer Commercial Cannabis Activity, DCR shall either deny the issuance of the License with no hearing at any time during application processing or, within 60 days of the date DCR deems the application and pre-licensing inspection complete, approve the issuance of the License with no hearing. Prior to making its decision, DCR shall consider written information submitted by the public and other interested parties. DCR's decision shall be based on written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of

this Code. DCR may approve the issuance of the License with the imposition of conditions to address public safety concerns. DCR's action shall also comply with the CEQA and the CEQA Guidelines. DCR shall not approve the issuance of a License without written findings that any feasible mitigation measure or feasible alternative identified in any CEQA clearance, as necessary to avoid or substantially lessen any significant impact on the environment, has been made enforceable as a condition of the License. DCR may deny the issuance of the License for any of the reasons listed in Section 104.06(a)1. The DCR shall not approve the issuance of a License for an Applicant with a Business Premises located in a geographical area of Undue Concentration unless the Applicant is not subject to a finding of Undue Concentration or the City Council has found or has been deemed to have found that approval of the application would serve public convenience or necessity. DCR's decision to approve or deny the issuance of the License is final and effective upon the close of the 15-day appeal period if not timely appealed to the Commission by the Applicant or any other person aggrieved by the decision, as provided in Section 104.10.

Sec. 12. Subdivision 2 of Subsection (c) of Section 104.06 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

2. If DCR recommends approval of the application, then the Commission shall make the determination whether to issue the License after it conducts a public hearing. Notice of the public hearing shall be made pursuant to Section 104.05(b). Prior to making its decision, the Commission shall accept and consider written information submitted and oral testimony. 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. The Commission may approve the issuance of the License based on written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of this Code. The Commission may also impose conditions to address public safety concerns. The Commission shall not approve the issuance of a License for an Applicant with a Business Premises located in a geographical area of Undue Concentration unless the Applicant is not subject to a finding of Undue Concentration or the City Council has found or has been deemed to have found that approval of the application would serve public convenience or necessity. The Commission's action shall also comply with CEQA and the CEQA Guidelines. The Commission shall not approve the issuance of a License without written findings that any feasible mitigation measure or feasible alternative identified in any CEQA clearance, as necessary to avoid or substantially lessen any significant impact on the environment, has been made enforceable as a condition of the License. The Commission may deny the issuance of the License based on written findings, evidence in the record and for any of the reasons stated in Section 104.06(a)1. of this article. The Commission's decision to approve or deny the issuance of the 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 or any other person aggrieved by the decision, as provided in Section 104.10.

Sec. 13. A new Section 104.06.1 is added to Article 4, Chapter X of the Los Angeles Municipal Code to read as follows:

**SEC. 104.06.1. RETAILER COMMERCIAL CANNABIS ACTIVITY APPLICATION PROCESSING.**

(a) DCR shall process an application for a Type 9 – Non-Storefront Retailer License or Type 10 – Storefront Retailer License as specified in this Section, except that this Section shall not apply to an application for Retailer Commercial Cannabis Activity processed pursuant to Section 104.07. DCR shall process an application under this Section consistent with the Social Equity Program priority processing ratios specified in Section 104.20(a). DCR shall not accept or process Type 9 or Type 10 applications under this section before it has made technical assistance available for a period of at least 45 calendar days to Tier 1 and Tier 2 Social Equity Applicants who have been verified pursuant to Subsection (b) of this section.

(b) **Social Equity Applicant Verification.** For a period of 60 calendar days, beginning on a date at DCR's sole discretion, an individual may apply to be verified as a Tier 1 or Tier 2 Social Equity Applicant as defined in Section 104.20. If the City Council adopts additional Tier 1 or Tier 2 Social Equity Applicant eligibility criteria pursuant to an addendum to the Social Equity Analysis report, DCR shall establish a 30-calendar-day period, which may be concurrent or non-concurrent with the 60 calendar day verification period, for individuals to apply to be verified under any additional eligibility criteria. DCR's determination of whether an individual is a Tier 1 or Tier 2 Social Equity Applicant shall be made with no hearing and is final and not appealable.

(c) **Type 10 Application Processing - Round 1.** DCR shall, on at date starting at its sole discretion, accept Type 10 applications for processing under this subsection for a period of 14 calendar days, provided that DCR posts written notice of the processing period on its website at least 15 calendar days before the start date of the processing period.

1. To be eligible to apply in Round 1, an Applicant shall have an individual Owner that is a Tier 1 or Tier 2 Social Equity Applicant verified pursuant to Subsection (b) of this section and who shall own an Equity Share in the Applicant who meets the requirements in Section 104.20. An individual may not be the Tier 1 or Tier 2 Social Equity Applicant for more than one Applicant in Round 1. An individual who is an Owner of an EMMD shall not be eligible to be the Tier 1 or Tier 2 Social Equity Applicant for an Applicant, but may be an Owner of an Applicant if otherwise allowed under this article.

2. During the 14-calendar-day application period, an Applicant shall submit, in a form and manner determined by DCR, an application that includes

the following: 1) a copy of an executed lease agreement with proof of a deposit or property deed for its Business Premises; 2) an ownership and financial interest holder form; 3) a financial information form; 4) a Business Premises diagram; 5) proposed staffing and security plans; 6) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; 7) a labor peace agreement attestation form; 8) an indemnification agreement; and 9) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under Section 104.20.

3. An Applicant's Business Premises shall meet the following requirements:

(i) The Business Premises meets all applicable requirements of Article 5 of Chapter X of this Code;

(ii) The Business Premises is outside of a 700-foot radius of another Type 10 Applicant's Business Premises, as measured in the manner specified in LAMC Section 105.02(b). If two or more Round 1 Applicant's Business Premises are within a 700-foot radius of one another, the Applicant who first submitted an application that meets the requirements of this subsection shall be eligible for further processing and all other Round 1 Applicants within a 700-foot radius of the first Applicant shall be ineligible for further processing in Round 1.

(iii) The Business Premises is not subject to a finding of Undue Concentration. For purposes of this subsection only, DCR shall determine whether the Business Premises is subject to a finding of Undue Concentration based upon the time and date an Applicant submitted an application that meets the requirements of this subsection.

4. The first 75 Tier 1 Applicants and the first 25 Tier 2 Applicants who meet the requirements of this subsection shall be eligible for further processing pursuant to Section 104.06. If less than 75 Tier 1 Applicants meet the requirements of this subsection, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who meet the requirements of this subsection. All Applicants who submitted an application that are not eligible for further processing may apply for Type 10 Application Processing – Round 2.

5. An Applicant shall pay all required application fees under Section 104.19 within 10 days of being issued an invoice by DCR or its application shall be deemed abandoned.

**(d) Type 10 Application Processing – Round 2.** DCR shall, on a date beginning at its sole discretion, accept Type 10 applications for processing under this subsection for a period of 30 calendar days.

1. To be eligible to apply in Round 2, an Applicant shall have an individual Owner that is a Tier 1 or Tier 2 Social Equity Applicant verified pursuant to Subsection (b) of this section and who shall own an Equity Share in the Applicant who meets the requirements in Section 104.20.

2. During the 30-calendar-day application period, an Applicant shall submit, in a form and manner determined by DCR, an application that includes the following: 1) a financial information form; 3) a labor peace agreement attestation form; and 4) an indemnification agreement.

3. The first 150 Applicants who submit an application that meets the requirements of Subdivision 2 of this subsection shall then each have 90 calendar days, beginning on a date determined by DCR at its sole discretion, to submit, in a form and manner determined by DCR, the following application documents: 1) a copy of an executed lease agreement with proof of a deposit or property deed for its Business Premises; 2) a Business Premises diagram; 3) proposed staffing and security plans; 4) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; 5) an indemnification agreement; 6) an ownership and financial interest holder form; and 7) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under Section 104.20. An Applicant who fails to timely meet these requirements shall have its application deemed abandoned.

4. An Applicant's Business Premises shall meet the requirements specified in Subdivision 3 of Subsection (c) of this section.

5. The first 150 Applicants who submit an application that meets the requirements of this subsection shall be eligible for further processing pursuant to Section 104.06. DCR may process additional applications that meet the requirements of this subsection and based on date and time submitted until each Community Plan Area has reached Undue Concentration for Type 10 Licenses.

6. An Applicant shall pay all required application fees under Section 104.19 within 10 days of being issued an invoice by DCR or its application shall be deemed abandoned.

**(e)** On or after January 1, 2020, DCR, at its sole discretion, may process a Type 10 application that has received a finding of public convenience or necessity pursuant to Section 104.03.

(f) **Type 9 Application Processing**

1. DCR shall, on a date beginning at its sole discretion, accept applications for processing under this section, provided that it posts written notice on its website at least 15 calendar days before the start date of the processing period. To be eligible for processing under this subsection, a Type 9 Applicant shall submit the following application documents: 1) a copy of an executed lease agreement with proof of a deposit or property deed for its Business Premises; 2) a Business Premises diagram; 3) proposed staffing, security and delivery plans; 4) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 9 License; 5) an indemnification agreement; 6) a current Certificate of Occupancy for retail use for the Business Premises; and 7) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Type 9 Applicant required under Section 104.20, if applicable.

2. **Delivery Pilot Program.** DCR shall process the first 60 Type 9 Applications that meet the requirements of subdivision 1 of this subsection and comply with the Social Equity Program priority processing ratios specified in Section 104.20(a). An Applicant who is eligible for processing under subdivisions (3) or (4) of this subsection shall not be eligible for the Delivery Pilot Program.

3. An Applicant who submitted a complete application pursuant to Subsection (c) or (d) of this section, but was ineligible for further processing because its Business Premises is in a geographic area of Undue Concentration limits or within a 700-foot radius of another Type 10 application, shall receive priority processing for a Type 9 License relative to all other Applicants except those in the Delivery Pilot Program.

4. An Applicant eligible for processing pursuant to Section 104.08 may amend its pending Section 104.08 application to add a Type 9 License at the time it submits an annual License application to DCR.

5. DCR, at its sole discretion, may process additional Type 9 Applications provided such processing complies with the processing requirements of this subsection and the Social Equity Program priority processing ratios specified in Section 104.20(a).

6. An Applicant shall pay all required application fees under Section 104.19 within 10 days of being issued an invoice by DCR or its application shall be deemed abandoned.

(g) **Application Amendments.** After submitting an application under this section, an Applicant shall not be permitted to amend its application to remove or replace the individual Owner who is the Tier 1 or Tier 2 Social Equity Applicant, if



applicable, or to change the location of its Business Premises during the application process.

Sec. 14. New Subsections (e) and (f) are added to Section 104.08 of Article 4, Chapter X of the Los Angeles Municipal Code to read as follows:

(e) An Applicant under this section shall not be permitted to change the location of its Business Premises on its application after May 15, 2019. If an Applicant did not identify a Business Premises on its application by May 15, 2019, its application shall be deemed abandoned.

(f) An Applicant under this section that has not received Temporary Approval shall report to DCR by July 1, 2019, whether it has made substantial progress, as determined by DCR, towards preparing its Business Premises to pass a pre-license inspection. An Applicant who cannot report substantial progress by July 1, 2019, shall have its application deemed abandoned. An Applicant who reports substantial progress by July 1, 2019, shall be required to pass a pre-license inspection by December 31, 2019, or its application shall be deemed abandoned unless DCR grants the Applicant an extension due to extenuating circumstances as determined by DCR in its sole discretion.

Sec. 15. Subsection (c) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(c) A Tier 1 Social Equity Applicant shall meet the following criteria at time of applying for a License: 1. Low Income and prior California Cannabis Arrest or Conviction; 2. Low Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area. A Tier 1 Social Equity Applicant shall own no less than a 51 percent Equity Share in the Person to whom the License is issued. A Tier 1 Social Equity Applicant shall receive the following benefits: 1. business, licensing and compliance assistance; 2. expedited renewal processing; 3. the potential for fee deferrals if the City Council adopts a fee deferral program; and 4. access to an Industry Investment Fund if established.

Sec. 16. Subsection (d) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(d) A Tier 2 Social Equity Applicant shall meet the following criteria at time of applying for a License: 1. Low Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area; or 2. a minimum of 10 years' cumulative residency in a Disproportionately Impacted Area. A Tier 2 Social Equity Applicant shall own no less than a 33 1/3 percent Equity Share in the Person to whom the License issued. A Tier 2 Social Equity Applicant shall receive the following benefits: 1. business, licensing and compliance assistance; and 2. expedited renewal processing.

Sec. 17. Subsection (e) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(e) A Tier 3 Social Equity Applicant, prior to issuance of a License, shall enter into a Social Equity Agreement with the City to provide capital, leased space, business, licensing and compliance assistance for a period of three years to Persons who meet the criteria to be a Tier 1 Social Equity Applicant or Tier 2 Social Equity Applicant. If a Tier 3 Social Equity Applicant is eligible for Temporary Approval, it shall enter into a Social Equity Agreement with the City by August 1, 2019, or the date DCR determines it is eligible for Temporary Approval, whichever is later. A Tier 3 Social Equity Applicant shall provide a Tier 1 or Tier 2 Social Equity Applicant access to property with no rent and with prorated utilities for a minimum of three years. The minimum requirements of the property provided to the Tier 1 or Tier 2 Social Equity Applicant shall be: 1. Cultivation – minimum 500 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 2. Manufacturing – minimum 800 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 3. Testing – minimum 1,000 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 4. Distributor – minimum 1,000 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 5. Non-storefront retail – minimum 1,000 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 6. Storefront retail – minimum 1,000 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater; 7. Microbusiness – minimum 800 square feet or 10 percent of Tier 3 Social Equity Applicant's Business Premises, whichever is greater. A Tier 3 Social Equity Applicant may provide access to property to a Tier 1 or Tier 2 Social Equity Applicant who will engage in a different type of Commercial Cannabis Activity than the Tier 3 Social Equity Applicant.

In lieu of providing the minimum property requirements on its Business Premises pursuant to this subsection, a Tier 3 Social Equity Applicant may do one of the following:

1. Pay a property support fee that shall be equal to the greater of the following:

(i) The actual monthly cost per square foot of leased space at the Tier 3 Social Equity Applicant's Business Premises multiplied by the required amount of space pursuant to this subsection multiplied by 36 months;

(ii) The arithmetic mean of the cost per square foot of leased space for the 10 closest commercial cannabis businesses authorized by DCR for the same commercial cannabis activity to the Tier 3 Social Equity Applicant's Business Premises multiplied by the required amount of space pursuant to this subsection multiplied by 36 months; or

(iii) The highest cost per square foot for a) commercial, b) industrial, or c) manufacturing space within the City adjusted annually based on the US Commercial Real Estate Index multiplied by the required amount of space pursuant to this subsection multiplied by 36 months.

DCR shall determine the manner in which the property support fee is paid. A Tier 3 Social Equity Applicant shall pay the fee in full upon the first effective day of the Social Equity Agreement, in three equal payments on dates determined by DCR within the first 24 months of the term of the Social Equity Agreement, or in 36 equal monthly payments during the term of the Social Equity Agreement. DCR shall determine the distribution of property support fees to Tier 1 Social Equity Applicants after considering factors including but not limited to: the order of applications received; an applicant's financial resources; an applicant's readiness to proceed through the application process; and, any other factor that would enable a fair and efficient distribution of fees. A Tier 1 Social Equity Applicant shall use a property support fee only for rent, utilities, facilities improvements, or construction at the Business Premises identified in its application.

2. Provide a Tier 1 or Tier 2 Social Equity Applicant an equivalent or greater amount of property at a different location in the City if all of the following conditions are met:

(i) The Tier 1 or Tier 2 Social Equity Applicant can conduct the Commercial Cannabis Activity for its License type at the new location without violating any of the land use or sensitive use requirements in Article 5, Chapter X of this Code;

(ii) The Tier 1 or Tier 2 Social Equity Applicant will not incur costs for bringing the new location into compliance with City and State regulations in excess of those it would incur if it occupied property on the Tier 3 Social Equity Applicant's Business Premises;

(iii) The Tier 1 or Tier 2 Social Equity Applicant has the legal right to occupy and use the new location for Commercial Cannabis Activity; and

(iv) DCR finds that the facilities at the new location are substantially similar to the facilities at the Tier 3 Social Equity Applicant's Business Premises.

Sec. 18. Subsection (f) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(f) A Tier 3 Social Equity Applicant shall receive expedited renewal processing.

Sec. 19. Subsection (h) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(h) Social Equity Agreements shall be processed and approved by DCR.

Sec. 20. The first sentence of Subsection (i) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(i) Tier 1 and Tier 2 Social Equity Applicants shall comply with all of the following:

Sec. 21. Subdivision 1 of Subsection (i) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. May only transfer control or ownership to Persons who meet the same social equity ownership and local requirements as when the License was issued and only upon the prior written approval of DCR. DCR shall promulgate Rules and Regulations for the transfer of control or ownership before providing written approval to a Licensee subject to this subsection;

Sec. 22. Subdivision 9 of Subsection (i) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

9. During the term of a Social Equity Agreement in which a Tier 3 Social Equity Applicant provides support directly to a Tier 1 or Tier 2 Social Equity Applicant, a Tier 1 or Tier 2 Social Equity Applicant may only transfer control or ownership of a License after first providing the Tier 3 Social Equity Applicant the right of first refusal to buy, at market-rate, the Tier 1 or Tier 2 Social Equity Applicant's interest in the License and transfer it to a Person who meets the same social equity ownership and local requirements as when the License was issued.

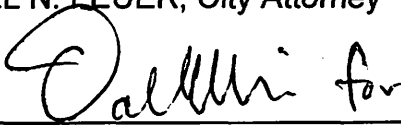
Sec. 23. A new Subdivision 10 is added to Subsection (i) of Section 104.20 of Article 4, Chapter X of the Los Angeles Municipal Code to read as follows:

10. At the time of requesting an annual license renewal pursuant to Section 104.12, shall provide to DCR a financial statement for its most recently completed fiscal year.

Sec. 24. 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

MICHAEL N. FEUER, City Attorney

By   
ALEXANDER J. FREEDMAN  
Deputy City Attorney

Date 4/26/2019

File No. 14-0366-S5

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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.

CITY CLERK

MAYOR

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Ordinance Passed \_\_\_\_\_

Approved \_\_\_\_\_