

ORDINANCE NO. _____

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

**THE PEOPLE OF THE STATE OF CALIFORNIA
DO ORDAIN AS FOLLOWS:**

Section 1. Subdivision 12 of Subsection (a) of Section 104.01 of the Los Angeles Municipal Code is amended to read as follows:

12. **“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that is in compliance with all restrictions of Proposition D, notwithstanding those restrictions are or would have been repealed, including, but not limited to, either possessing a 2017 L050 BTRC and current with all City-owned business taxes, or received a BTRC in 2007, registered with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.

Sec. 2. Subdivision 2 of Subsection (a) of Section 104.02 of the Los Angeles Municipal Code is deleted in its entirety, and Subdivisions 3 through 9 are renumbered as 2 through 8.

Sec. 3. The first paragraph of Subsection (a) of Section 104.03 of the Los Angeles Municipal Code is amended to read as follows:

(a) To apply for a License, an Applicant shall file an application for Commercial Cannabis Activity online and shall at the time of filing include all information and fees required pursuant to the Rules and Regulations. An EMMD seeking a Retail License under Section 104.07 for a Type 10 – Retailer license or for the on-site retail portion of a Type 12 – Microbusiness License shall pay the Cannabis LAMC Section 104.07 EMMD Retail License fee pursuant to Section 104.19. Any additional licenses or microbusiness activities (e.g., cultivation or manufacturing) sought by an EMMD require payment of the Cannabis License Fee for each and every additional license or microbusiness activity requested in the application pursuant to Section 104.19. An Applicant seeking a License under Section 104.08 is required to pay the Cannabis LAMC Section 104.08 License Fee for each and every license applied for, and if applying for a non-retail microbusiness license, each and every non-retail microbusiness activity. For all other Applicants seeking a License not described above,

a Cannabis License Fee shall be paid for each and every license or microbusiness activity applied for.

Sec. 4. Subdivision 8 of Subsection (c) of Section 104.03 of the Los Angeles Municipal Code is amended to read as follows:

8. A Person with a felony conviction for violating any State or local law involving violent crimes, sex trafficking, rape, crimes against children, gun crimes or hate crimes for a period of 20 years from the date of conviction or completion of a term of imprisonment, supervised release or probation imposed as a sentence for the conviction, whichever is later.

Sec. 5. Subsection (a) of Section 104.07 of the Los Angeles Municipal Code is amended to read as follows:

(a) Proposition M Priority Processing Applications for Retailer Commercial Cannabis Activity, which includes delivery, and on-site cultivation consistent with Proposition D, shall be accepted and processed by DCR for the first 60 days after DCR starts accepting applications. EMMD Applicants may apply for a maximum of one Microbusiness License (Type 12); or a maximum combination of one Retailer License (Type 10), one Distributor License (Type 11), one Manufacturer License (Type 6 only) and one Cultivation, Indoor (Type 1A, 1C, 2A or 3A) License for the one location identified in its original or amended BTRC and as demonstrated in previous Commercial Cannabis Activity as of March 7, 2017.

Sec. 6. Subsection (f) of Section 104.07 of the Los Angeles Municipal Code is amended as to read as follows:

(f) An EMMD shall submit to a financial audit by the City's Office of Finance and clear all City tax obligations prior to being issued a Temporary Approval or a License. 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.

Sec. 7. Subsection (h) of Section 104.07 of the Los Angeles Municipal Code is amended to read as follows:

(h) An EMMD issued a License pursuant to Proposition M Priority Processing is not required to adhere to the zone, distance and sensitive use restrictions stated in Section 105.02 of this Code as long as, and on the condition that, the EMMD: (1) operates and continues to operate in compliance with the distance and sensitive use restrictions (Los Angeles Municipal Code Section 45.19.6.3(L) and (O)) of Proposition D notwithstanding those restrictions are or would have been repealed; and (2) limits on-site Cultivation at the Business Premises to not exceed the size of the EMMD's existing square footage of building space as of March 7, 2017, as documented by dated

photographs, building lease entered into on or before March 7, 2017, or other comparable evidence. This limited grandfathering shall not create, confer, or convey any vested right or non-conforming right or benefit regarding any activity conducted by the EMMD beyond the term and activities provided by the City License. This limited grandfathering shall cease on December 31, 2022, after which all EMMDs shall be required to cease conducting any commercial cannabis activities on Business Premises that do not meet the zone requirements of Article 5 of Chapter X of this Code. If an EMMD issued a License fails to operate in compliance with the specified provisions of Proposition D, the EMMD's City License shall be subject to revocation.

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

(a) An Applicant who applies for a License for Non-Retailer Commercial Cannabis Activity and who meets the below criteria as determined by DCR shall receive a Temporary Approval, which shall provide the Applicant with limited immunity, as described in Subsection (c), to operate pending the review of its License application: 1) the Applicant was engaged prior to January 1, 2016, in the same Non-Retailer Commercial Cannabis Activity that it now seeks a License for; 2) the Applicant provides evidence and attests under penalty of perjury that it was a supplier to an EMMD prior to January 1, 2017; 3) the Business Premises meets all of the land use and sensitive use requirements of Article 5 of Chapter X of this Code; 4) the Applicant passes a prelicense inspection; 5) there are no fire or life safety violations on the Business Premises; 6) the Applicant paid all outstanding City business tax obligations; 7) the Applicant indemnifies the City from any potential liability on a form approved by DCR; 8) the Applicant provides a written 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 is not engaged in Retailer Commercial Cannabis Activity at the Business Premises; 10) the Applicant attests that it will cease all operations if denied a State license or City License; 11) the Applicant qualifies under the Social Equity Program; and 12) the Applicant attests that it will comply with all operating requirements imposed by DCR and that 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.

Sec. 9. Subsection (d) of Section 104.08 of the Los Angeles Municipal Code is amended to read as follows:

(d) Once application processing pursuant to Section 104.07 begins, DCR may, at its discretion, accept Section 104.08 applications for a period of 30 business days.

Sec. 10. Section 104.09 of the Los Angeles Municipal Code is amended to read as follows:

An Applicant seeking a Testing Lab License (Type 8) may submit an application to DCR at any time after DCR first accepts applications for any License. If a testing lab obtains and maintains an ISO/IEC 17025 accreditation, the DCR may issue a Temporary Approval to the testing lab before completion of a pre-licensing inspection.

Sec. 11. Subsection (c) of Section 104.12 of the Los Angeles Municipal Code is amended to read as follows:

(c) In order to receive a License renewal, a Licensee shall be in good standing with the requirements in this article and shall not be delinquent on any City tax or fee. 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-owned business taxes shall not be deemed delinquent on any City tax.

Sec. 12. 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 FREEDMAN
Deputy City Attorney

Date 5/9/18

File No. 14-0366-S5

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I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____