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SOUTHERN CALIFORNIA COALITION

October 22, 2016

The Honorable Jose Huizar
The Los Angeles City Council
200 N. Spring Street
Los Angeles, CA

Date 10/25/16
Submitted in PLUM Committee
Council File No: 14-0366-54
Item No. 11
Priority _____

Re: Revision of Proposition D

Dear Councilman Huizar:

We are writing today to share our organization's thoughts on the revision of Proposition D and to ask for your input on these proposals. Since 2007, when the City passed its first medical marijuana ordinance, a variety of unintended consequences have arisen. As a result of this, opportunities have gone unaddressed.

The Southern California Coalition (the SCC) feels that if the suggestions outlined below were followed, the next Los Angeles Medical Marijuana Ordinance would be a highly effective piece of legislation.

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Among other things, it would address racial inequities in the medical marijuana industry, both as to minorities and women. It would assist in the re-vitalization of our neighborhoods by rebating a portion of marijuana taxes to the Council Districts. It would contain a meaningful package of deterrents so that medical marijuana business licensees in Los Angeles could be closed swiftly and permanently if they abused the City's laws. Lastly, it would insist that licensees follow best practices so that the health and safety of our most vulnerable population, those who are ill, is protected.

Racial Inequities in the Local Medical Marijuana Industry

As the co-founder of the California Minority Alliance, Donald Anderson, has pointed out, African Americans are almost four times more likely than whites to be incarcerated for drug offenses. They are two to four times more likely to be incarcerated for drug offenses than Latinos.

It has long been suspected that the control and management of medical marijuana dispensaries and other related industries does not mirror the racial make-up of the City. To ascertain if this is so, the Southern California Coalition would like the City to institute a yearly census.

The SCC believes that there is a racial inequity both in management and opportunity for advancement in the local marijuana industry and suggests the points below for correcting this inequity. For the purposes of our discussion, minorities is meant to include women. Councilman Huizar, we would like your guidance in determining which suggestions would be most feasible and effective for the City to follow.



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1. Entrepreneurs seeking licensure should demonstrate a commitment to minority hiring and provide a path for minorities to ascend the corporate ladder.
2. Minorities consume far less cannabis than whites, yet they are prosecuted far more often. This inequity should not bar licensure as long as the conviction was for a non-violent crime which did not involve moral turpitude and reflected state law on the matter.
3. Minority ownership is the path best suited to ending minority exclusion. The City needs to consider what current programs could be extended to encourage minority ownership (i.e. tax breaks, free seminars and advice, having a percentage of licenses reserved for minority access etc.)
4. Those businesses successfully sued upon by the City for discrimination, shall lose their right to licensure.
5. All cannabis businesses licensed by the City shall annually complete a census form under penalty of perjury, which lists the ethnicity and gender of all directors, officers, managers and employees.
6. Any minorities seeking licensure shall be entitled to an automatic review of their application if there is evidence that the application was rejected based on race.
7. Businesses choosing to locate in economically challenged areas shall be given tax breaks for employment schemes which hire those living in the neighborhood in which the business is located.
8. Minority owners are particularly at risk, as they are statistically more likely to be harassed and arrested than white male owners. The City should create policies to ensure minority ownership is not a trigger for investigation by law enforcement based purely on racial profiling or prejudice.
9. The City should encourage "second chance" employment programs in the cannabis industry.
10. Cannabis training or apprenticeship programs shall receive tax breaks for minority participation.

Community Reinvestment

In order to stimulate the revitalization of neighborhoods, the SCC proposes that a percentage of the gross amount of medical marijuana taxes collected each year be returned to the council districts for reinvestment in community projects. Each district would be free to determine how the money would be spent, so that expenditures could be tailored to each neighborhood's needs. With a robust licensing structure, covering a wide-variety of marijuana businesses, yearly rebates to council districts might be in excess of one hundred thousand dollars (\$100,000.00).

Meaningful Deterrence

It is anticipated that the City will enlarge licensing to accommodate a wide variety of medical marijuana businesses. None of these will have the negative impact caused by the unrestricted proliferation of rogue dispensaries, because they don't entertain the public or provide the opportunities for mischief a large cash-only business does. They also don't lend themselves to proliferation. It's unlikely you'll see testing labs pop-up on every corner, for instance.

The SCC feels the methodology of the City Attorney in closing the unauthorized dispensaries has been highly effective and that, going forward, it should be followed. The SCC suggests that the City might consider a suite of options to ensure unlicensed dispensaries are closed quickly and with finality.



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It should be noted that there is still lingering doubt as to who is, and who is not eligible for limited immunity. The suggestions below are intended to be used once licensure is complete so that it's obvious who is a licensed dispensary and who is not.

1. Cessation of utility services until such time as the landlord proves the entity has vacated and/or been evicted. (LA City Council motion pending)
2. Prosecution of both the landlord and the illegal business, and an agreement that the landlord will not rent to illegally operating dispensaries in the future. (The City currently does this).
3. If it is necessary to raid a location, all fixtures, implements, furniture etc. used to conduct the business will be removed and not returned. (The City of Compton does this.)
4. Raise fines to a level where it becomes uncomfortable for the entity being fined.
5. Refuse future licensure to those successfully sued upon for nuisance abatement. Denial of licensure would attach to all offending parties or organizations. The ban would extend to all future medical or recreational marijuana businesses.

Best Practices

All medical marijuana businesses seeking licensure in the future, whatever the nature of the business (dispensing, cultivation, delivery, transport, testing or distribution) must submit a business plan with their application demonstrating that they are following the best practices for their industry. If, upon inspection, these best practices aren't being followed, the business would be given an opportunity to cure the defect. If they did not do so they would be subject to license forfeiture.

The Southern California Coalition (the SCC) is the largest consortium of stakeholders, trade associations, public policy groups and organized labor in Southern California. The organization's current focus is on facilitating responsible, fair cannabis legislation at the local, state and federal level. If you have any questions or concerns, we can be reached through our spokesman, Virgil Grant, at [\(310\) 493-7651](tel:3104937651).

We believe the suggestions outlined above, will result in a strong, effective ordinance. We look forward to your guidance on the above points.

Sincerely,
The Southern California Coalition