

**DEPARTMENT OF
CANNABIS REGULATION**

CANNABIS REGULATION
COMMISSION

ROBERT AHN
PRESIDENT

RITA VILLA
VICE-PRESIDENT

VICTOR NARRO
PHILIP D. MERCADO
MISTY WILKS

VICTORIA RODRIGUEZ
COMMISSION EXECUTIVE ASSISTANT

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

EXECUTIVE OFFICES

221 N. FIGUEROA STREET, SUITE 1245
LOS ANGELES, CA 90012
(213) 978-0738

CAT PACKER
EXECUTIVE DIRECTOR

MICHELLE GARAKIAN
ASSISTANT EXECUTIVE DIRECTOR

JASON KILLEEN
ASSISTANT EXECUTIVE DIRECTOR

<http://cannabis.lacity.org>

Date: November 9, 2018

Council District: All
Council File No. 14-0366-S5

To: Honorable Members of the Rules, Elections, and Intergovernmental Relations
Committee

From: Cat Packer 
Executive Director, Department of Cannabis Regulation

Subject: **SOCIAL EQUITY FEE DEFERRAL PROGRAM**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, transfer/appropriate \$2,000,000 from the Unappropriated Balance (Fund No. 100/58) Various Programs and Services – Contingent Revenue Account to the Department of Cannabis Regulation Special Revenue Trust Fund (Fund No. 60E/13) Social Equity Fee Deferral Program (Account No. TBD) to advance payment of cannabis business application fees under the City's Social Equity Fee Deferral Program.

SUMMARY

On October 19, 2018, the Chair of the Rules, Elections and Intergovernmental Relations Committee requested a report back on a Social Equity Fee Deferral Program to reduce the barriers to entry into the cannabis market for Tier 1 and Tier 2 Social Equity Applicants. The Department of Cannabis Regulation (DCR) recommends establishing a \$2 million Social Equity Fee Deferral Program revolving account within the DCR Special Revenue Trust Fund. These monies will create multiple pathways for certain individuals to participate in the cannabis industry by removing or reducing typical barriers to entry and facilitating business opportunities for those who otherwise do not have access due to lack of capital, business expertise, or criminal history. The Executive Director of the DCR shall determine the distribution of the funds 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, any other factor that would enable a fair and efficient distribution of funds.

PROGRAM OUTLINE

When an application for fee deferral is received, the request will be reviewed to determine eligibility. The City reserves the right to determine which cannabis business fees may be deferred, 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, any other factor that would enable a fair and efficient distribution of funds.

After receipt of a complete fee deferral application, a meeting with the applicant may be required to obtain more detail about the application before a decision can be made. The applicant will be advised, if sufficient information has been provided, as to whether their application appears to be eligible for the fee deferral program. The actual fee deferral will not take place until the cannabis business application has received the necessary approvals, reviews, and eligibility determinations. A fee estimate will be provided prior to application acceptance; the actual fees to be paid are calculated based on the rates in effect at the time of fee repayment. The applicant will be required to enter into an agreement to the satisfaction of the City Attorney, to be executed prior to issuance of local authorization or Temporary Approval for Phase 2 applicants.