

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT relative to modifying commercial cannabis licensee requirements and expanding the social equity program.

Recommendations for Council action, as initiated by Motions (O'Farrell – Krekorian – Martinez – Englander), (Blumenfield – Wesson), (Blumenfield – Bonin) and (Blumenfield – Wesson):

1. REQUEST the City Attorney's office, with the assistance of the Department of Cannabis Regulation (DCR) and the Chair of the Rules, Elections, and Intergovernmental Relations Committee, to prepare and present an ordinance to make the following adjustments to Article IV, Chapter X of the Los Angeles Municipal Code (LAMC) relative to regulating commercial cannabis activity:
 - a. Amend to strike to the word conviction from LAMC Section 104.03(c)(8) of the ordinance, and replace it with: 20 years after conviction or release, whichever is more restrictive.
 - b. Add provisions to require every applicant and licensee to disclose all contracts, agreements and other similar information with respect to management companies as part of the licensing application process and restrict management companies and similar such entities to only being involved in three retail licenses and a maximum aggregate of 1.5 acres of cultivation canopy within the City of Los Angeles.
 - c. Clarify LAMC Sections 104.02(a)(2), 104.02(a)(4), 104.07(a) and anywhere else in the code relative to retail delivery that provides that a Type 10 – Retailer and a Type 12 – Microbusiness (that engages in retail) temporary approval or license for medical and/or recreational allows the licensee to engage in delivery activities, subject to the rules and regulations of the DCR and the City of Los Angeles, as consistent with the State of California.
 - d. Amend provisions to provide that any licensee or applicant may enter into a payment plan for taxes with the Office of Finance, at the Office of Finance's discretion, and any licensee or applicant that is currently on a payment plan is considered current on their City of Los Angeles tax obligations.
 - e. Clarify LAMC Section 104.07(a) relative to a Type 11 Distributor License and remove the description of self-distribution transport only as consistent with the State of California.
 - f. Amend LAMC Section 104.08(d) relative to non-retailer processing to indicate that the application period will begin at the discretion of the DCR and that applications will be made available for 30 business days.
 - g. Add provisions to establish a Cannabis Event Organizer License and a Temporary Cannabis Event License consistent with the State of California and allow applicants to apply for these licenses similar to the application procedures for non-retail businesses less than 30,000 square feet.

- h. Amend LAMC Section 104.09 relative to Testing Lab Licenses to allow the DCR to issue temporary approvals to a testing lab immediately after a pre-inspection is completed, and prior to completing the entire licensing process.
 - i. Amend provisions to require that all retail products in the City of Los Angeles must following the City and State of California testing procedures beginning July 1, 2018.
 - j. Amend LAMC Section 105.07(h) relative to grandfathering of uses from Existing Medical Marijuana Dispensaries (EMMD) to state: After December 31, 2022 all EMMDs shall be required to cease conducting any commercial cannabis activities on the Business Premises that do not meet the zone requirements of Article 5 of Chapter X of this Code.
2. INSTRUCT the Department of City Planning and the DCR, with the assistance of the Chair of the Rules, Elections, and Intergovernmental Relations Committee, to extend the social equity analysis contract with Amec Foster Wheeler in order to provider further analysis of the San Fernando Valley, the Boyle Heights Community and longstanding residential enclaves in downtown Los Angeles, and to address which zip codes were adversely impacted by the war on drugs within San Fernando Valley, the Boyle Heights Community and certain areas of downtown Los Angeles for inclusion within the Disproportionately Impacted Areas definition in LAMC Section 104.20(b).

Fiscal Impact Statement: None submitted. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes
Against: Granada Hills South Neighborhood Council

SUMMARY

At its meeting held February 16, 2018, the Rules, Elections, and Intergovernmental Relations Committee considered various Motions regarding modifying commercial cannabis licensee requirements and expanding the social equity program. During the public comment period, members of the community expressed support for the social equity program and suggested that twenty percent of all license and fee revenue be set aside for youth development programs. Other speakers discussed the challenges of finding affordable retail space that complies with the City's cannabis regulations.

The Chair of the Rules, Elections, and Intergovernmental Relations Committee proposed a list of amendments and clarifications to then LAMC regarding the regulation of commercial cannabis activity, and to expand the social equity analysis to include the San Fernando Valley. The proposed list of recommendations were modified by the Committee to add certain zip codes in Boyle Heights and downtown Los Angeles in the analysis. Committee recommended that Council approve the proposed instructions shown above.

Respectfully Submitted,

Rules, Elections, and Intergovernmental Relations Committee

<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
HUIZAR:	YES
HARRIS-DAWSON:	YES

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-