

MOTION

Both before and in the wake of the November 2016 passage of the state Adult Use of Marijuana Act (AUMA) the Rules, Elections, Inter-Governmental Relations and Neighborhoods Committee has been holding hearings and working on updating the City's cannabis laws and regulations.

One of the Committee's work products so far was Measure M, approved by City voters in March 2017 to establish a financial (taxes/fees/fines) framework for future regulations. Another was an ordinance creating a Cannabis Licensing Commission as of September 1, 2017. The Committee continues to work on an ordinance that would, if approved, supplant Measure D approved by the Council and voters in 2013. This would allow the City to transition to an orderly, fully regulated cannabis market after several years of ambiguity and controversy regarding Medical Marijuana dispensaries.

In the meantime, however, the uncertainties of this transitional period appear to have resulted in increased law enforcement actions against cannabis businesses, including some for which the City has not thus far established regulations. This increased enforcement during this interim period has created an atmosphere of concern among cannabis businesses that likely would be eligible for licensure under a future ordinance as well as AUMA, and may complicate the City's goal of creating an effectively regulated market that maximizes public health and safety while ensuring a robust revenue stream to the City.

Proposition M mandates that the City must repeal Proposition D by January 1, 2018, in conjunction with establishing its own regulatory framework in time for the statewide legalization of marijuana. It is anticipated that the State of California will begin issuing state licenses on that same date. Cannabis businesses in the City of Los Angeles must first have a local license or permit before they can obtain the State license required by State law to remain operational. The comprehensive, but time-consuming, process the Rules Committee has undertaken may not result in a City license or permit process being ready to meet that deadline.

Thus, to ensure cannabis businesses which are potentially eligible for licensing at the state level do not lose the ability to operate or obtain a state license because the City may not be prepared to issue licenses or permits in a timely manner, the City should have a procedure in place to clarify what constitutes a permissible cannabis business during the interim period.

It would be in the best interests of the City to establish a cannabis business registry that provides clarity and stability for the industry and for its regulatory and enforcement officials until the new regulations are adopted and implemented. The registry would allow the City to issue temporary, provisional licenses or permits for qualified cannabis-related businesses. It also would provide a critical tool should the City be unable to meet its self-imposed deadline of September 30, 2017, for the issuance of licenses. Additionally it should not be assumed that qualifying for the registry constitutes eligibility under any permanent licensing or permitting process being developed by the Committee, nor should it supplant any system of prioritization being contemplated for that process.

The basis for registry-eligibility should be, for dispensaries, demonstrable pre-ICO or Measure D-compliant status, and for other cannabis-related businesses, accordance with draft regulations being promulgated by the state for implementation of AUMA. Meeting these requirements would not preclude the City from enforcing as necessary any other applicable laws and regulations with regard to these businesses.

I THEREFORE MOVE, that the City Council instruct the City Office of Finance or other appropriate departments to create a Registry that would allow all categories of cannabis businesses the City intends to license as noted in Measure M to come forward and register with the City based on criteria noted above; and

I FURTHER MOVE, that should the City be unable to develop a cannabis business ordinance in time to meet its self-imposed deadline of September 30, 2017, for issuance of licenses, that the City establish criteria for provisional licensing of those on the Registry until such a time when a permanent licensing procedure is established.

PRESENTED BY: Paul Koretz
PAUL KORETZ
Councilmember, 5th District

SECONDED BY: Bob Blum

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