



Los Angeles Citizen Task Force on  
Medical Cannabis Regulations  
[www.lamedicalcannabistaskforce.org](http://www.lamedicalcannabistaskforce.org)

516-413-1037  
[Info@lamedicalcannabistaskforce.org](mailto:Info@lamedicalcannabistaskforce.org)

5/11/2016

To: Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee  
COUNCILMEMBER HERB J. WESSON, JR., CHAIR  
COUNCILMEMBER JOSE HUIZAR  
COUNCILMEMBER MARQUEECE HARRIS-DAWSON

RE:

Council File 15-0002-S160/Assignment NO. 16-04-0367

**OPPOSE unless amended**

Dear Chairman Herb Wesson,

As the Los Angeles Citizen Task Force on Medical Cannabis Regulations, we wish to first thank you and your office again for your continued work on behalf of the patients and industry who depend on access to legal, regulated medical cannabis. Your constituency includes the largest commercial cannabis marketplace in the world; and your resolve to strike a balance between the legitimate public safety needs of our city with the emerging public health consensus regarding cannabis is noteworthy.

STATUS QUO CONDITIONS ARE NOT VIABLE

However, today our organization is writing to express deep concern over AB 2385. It is our firm belief that this well-intentioned bill will produce myriad negative unintended consequences that not only undermine the intent and purpose of MMRSA, but also quash the entrepreneurial spirit and racial/ethnic diversity that defines the Los Angeles cannabis industry.

As you know, AB 2385 would provide state recognition and legitimacy to so called "Prop D" retail establishments provided they can demonstrate compliance with the criteria set forth therein for businesses to be immune from the ordinance's ban on medical marijuana businesses. Prop D bans all marijuana business from operating in



Los Angeles Citizen Task Force on  
Medical Cannabis Regulations  
[www.lamedicalcannabistaskforce.org](http://www.lamedicalcannabistaskforce.org)

516-413-1037  
[Info@lamedicalcannabistaskforce.org](mailto:Info@lamedicalcannabistaskforce.org)

the City of Los Angeles except for those that can meet these criteria, which have been applied in a controversial and confusing way by the City, and in particular the Office of the City Attorney, for years. In this way, AB 2385 provides a mechanism for select retail businesses otherwise banned in the City of Los Angeles to obtain state licensing. While this might seem to provide some relief to those qualifying shops and ensure continuity of at least some marijuana business in the City once MMRSA is fully implemented in 2018, in truth this bill would merely entrench the status quo.

#### A SECONDARY MARKET WOULD EXPAND

While some existing retail establishments understandably desire any form of local license to be eligible for state licensure in 2018, doing so through Prop D's immunity provision will undermine MMRSA's laudable goal of balancing local control with uniform state regulation of the cannabis industry. If passed and implemented, AB 2385 would maintain the patchwork and frankly broken set of laws that have defined the Los Angeles marketplace for the foreseeable future. By only providing affirmative licensing for a small pool of the existing retail market, we are guaranteeing that our city will rely on a secondary market for cultivation, manufacturing, and distribution, which will mean higher prices for consumers and a loss of local jobs and public revenue. Put plainly, if the City consumers of medical marijuana must obtain their medicine from outside the City, and, likely, outside the County, given current restrictions in Los Angeles County, then the costs associated with bringing the medicine to Los Angeles will create an artificially higher price structure than the cost of medicine elsewhere in the State. We are hopeful that the City's decision-makers within the City Council will ultimately recognize this problem and collaborate with us to carve out a solution that meets everyone's needs without compromising the City's basic concerns. Our representatives and other groups are having fruitful conversations with the City towards that goal, and legislation at the State level that frustrates that progress on the local level will not be well received. Passing AB 2385 without significant revisions would remove any incentive that the current city council has towards enacting comprehensive modern reforms.



Los Angeles Citizen Task Force on  
Medical Cannabis Regulations  
[www.lamedicalcannabistaskforce.org](http://www.lamedicalcannabistaskforce.org)

516-413-1037  
[Info@lamedicalcannabistaskforce.org](mailto:Info@lamedicalcannabistaskforce.org)

## EXCLUSIONS AND DISCRIMINATION

The potential consequences of solidifying Prop D in Los Angeles via this bill cannot be understated. Prop D itself has a racially discriminatory impact, and without its overhaul the cannabis industry in the City of Los Angeles will continue to exclude minorities. Moreover, using Prop D compliance as a barometer for state licensure means perpetuating uncertainty about which operators are Prop D compliant given the narrow interpretation and anti-patient approach taken by the City Attorney's Office in enforcing those provisions in a way that disqualifies more and more retailers who are otherwise in compliance with the Prop D provisions. Prop D has made Los Angeles an untenable place for investment and industry development, all while cities in northern California continue to rake in considerable revenue from their local cannabis industry (some of which consists of former L.A. area operators who fled our city's current regulatory climate).

## LOCAL REFORM NEEDS TO BEGIN

The stated intent of AB 2385 (to provide some sort of state licensure to existing operations in Los Angeles) is laudable. However, this goal can be accomplished via legislation that gives the City an incentive to work from within to adopt a sweeping change to Prop D. This change could simultaneously offer some licensure to existing operations in the event that the City fails to take any action to revise Prop D. Thus, we recommend that AB 2385 be amended so that it does not become effective until December 1, 2018, and only if there is no revision, amendment, modification or change to Prop D, as of that date, in a way that provides for licensure of operators in at least one of the categories contemplated by MMRSA, including but not limited to retail dispensaries. In this way, if by December 1, 2018, there is no action taken by the City Council and electorate to change Prop D, and Prop D remains in place as is, then AB 2385 takes effect and Prop D compliant shops will be able to apply for state licensing by 2018 as the bill currently contemplates.

Sincerely,  
Los Angeles Citizen Task Force on Medical Cannabis Regulations