


**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: April 2, 2018

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

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No.: 18-0002-S34  
Assignment No.: 18-03-0271

SUBJECT: Resolution (Wesson – Price) in support of AB 2980 (Gipson)

CLA RECOMMENDATION: Adopt Resolution (Wesson – Price) to include in the City’s 2017-2018 State Legislative Program support for AB 2980 (Gipson), which would amend the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) so that two or more premises licensed to engage in commercial cannabis activity are not prohibited from sharing common use areas where no license privileges will be exercised.

SUMMARY

AB 2980 (Gipson) would amend the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to allow two or more premises, licensed to engage in commercial cannabis activity, to share common use areas where no license privileges will be exercised as long as the licensees comply with the requirements of the act.

According to Resolution (Wesson – Price), introduced on March 20, 2018, the City enacted a Social Equity Program for commercial cannabis licensure to promote equitable ownership and employment opportunities for communities disproportionately impacted by the war on drugs. Per the Resolution, the Social Equity Program provides for Tier 3 applicants to provide leased space to Tier 1 and 2 applicants, and this could potentially include shared common use space. The Resolution seeks an official position of the City to support AB 2980.

BACKGROUND

On November 8, 2016 in a statewide ballot, voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), which authorized the state licensure of persons to engage in commercial adult-use cannabis activity. MAUCRSA consolidated the licensure and regulation of commercial cannabis activity. In order to obtain a state license to engage in commercial cannabis activity, applicants must provide a detailed diagram of the premises where the license privileges will be exercised. Currently under MAUCRSA, the definition for “Premises” explicitly states that the premises where commercial cannabis activity will be conducted “shall only be occupied by one licensee.”

On December 19, 2017, the Council passed an ordinance that established a Social Equity Program under the City’s cannabis procedures (c.f. 17-0653). The City’s Social Equity Program includes an incubator program where firms will provide resources to Tier 1 applicants. Under Sec. 104.20 (e) of the City Municipal Code, applicants applying for Tier 3 of the Program must

“enter into a Social Equity Agreement with the City to provide capital, leased space, business, licensing and compliance assistance to Persons who meet the criteria to be a Tier 1 or Tier 2 Social Equity Applicant.” Further, Tier 3 applicants participating “shall provide Tier 1 Social Equity Applicants access to property with no rent and with prorated utilities for a minimum of two years.”

**BILL STATUS**

2/16/18

Read first time. To print.

3/22/18

Referred to Com. on B. & P.



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Matthew Shade  
Analyst

Attachments: 1. Resolution (Wesson – Price)

# RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), which authorized the state licensure for persons to engage in commercial adult-use cannabis activity; and

WHEREAS, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) required cannabis license applicants to provide a detailed diagram of the premises where the license privileges will be exercised; and

WHEREAS, under MAUCSRA, the definition of “premises” states that only one licensee shall occupy the area where the commercial cannabis activity will be conducted; and

WHEREAS, the City enacted a Social Equity Plan in regards to cannabis licensure to promote equitable ownership and employment opportunities for marginalized communities and to address the disproportionate impacts of the war on drugs in those communities; and

WHEREAS, the City’s Social Equity Plan instructs that Tier 3 applicants provide leased space, which could potentially include shared common use space, to applicants qualifying under Tiers 1 and 2 of the program; and

WHEREAS, currently pending in the State Legislature is a bill, AB 2980 (Gipson), which would amend MAUCSRA to allow two or more licensed premises to share common use areas where no license privileges will be exercised as long as licensees comply with the requirements of the act;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 State Legislative Program support for AB 2980, which would amend the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) so that two or more premises licensed to engage in commercial cannabis activity are not prohibited from sharing common use areas where no license privileges will be exercised.

PRESENTED BY \_\_\_\_\_  
HERB J. WESSON, Jr.  
Councilmember, 10<sup>th</sup> District

MAR 20 2018

SECONDED BY \_\_\_\_\_