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CITY ATTORNEY

REPORT NO. R 19 - 0106
APR 12 2019

REPORT RE:

DRAFT ORDINANCES AMENDING SECTIONS 104.01 THROUGH 104.04, 104.06, 104.08, 104.20, AND 104.24 OF ARTICLE 4, CHAPTER X OF THE LOS ANGELES MUNICIPAL CODE AND THE RULES AND REGULATIONS FOR CANNABIS PROCEDURES

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 14-0366-S5

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration, two enclosed draft ordinances, approved as to form and legality. The first draft ordinance amends Article 4, Chapter X of the Los Angeles Municipal Code (LAMC) to establish a first come, first served application process for retailer commercial cannabis activity licenses; modify the process for issuing non-storefront retail licenses; allow the Department of Cannabis Regulation (DCR) to grant Temporary Approval to Phase 3 storefront retail applicants; exempt Phase 2 applicants from the provisions of Section 104.01(a)(28); set deadlines for Phase 2 applicants to obtain Temporary Approval; revise various requirements to qualify as a Tier 3 Social Equity Applicant and revise various benefits provided to Tier 1 and Tier 2 Social Equity Applicants; add an additional reason to deny a license application; and clarify the definition of license ownership relative to management companies.

The second draft ordinance amends the Rules and Regulation for Cannabis Procedures to define the meaning of a Limited-Access Area; require an applicant to

identify all of its financial interest holders; remove the requirements that a retailer store cannabis goods in a vault or a safe; and align the operational requirements for non-storefront retailers with state law.

The City Council also requested this Office to prepare an ordinance, if necessary, to allow an applicant to voluntarily add a person as an owner on an application even if that person is not required to be identified as an owner under state law. DCR has informed this Office that an applicant is already able to voluntarily add owners in this manner; therefore, this Office has not included this amendment in the draft ordinances. The City Council also requested that either this Office prepare an ordinance or DCR implement a policy to exempt certain loan repayments from the definition of Equity Share in LAMC Section 104.20(b). DCR has informed this Office that it will implement this policy through its authority to promulgate rules and regulations.

Council Rule 38 Referral

Copies of the draft ordinances were sent, pursuant to Council Rule 38, to DCR with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Alexander Freedman at (213) 978-7476. He or another member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:pj
Transmittal