

BUDGET & FINANCE

MOTION

Section 45.19.6.3 of the Los Angeles Municipal Code (LAMC) establishes "limited immunity" for medical marijuana businesses operating in the City under a specified set of requirements. The Section was established by the passage of Measure D in 2013, which sought to establish a set of regulations for the medical marijuana business in Los Angeles. In the wake of the statewide passage of the Adult Use of Marijuana Act in 2016 and the legislative approval of the Medical Marijuana Regulation and Safety Act in 2015, the City Council now is pursuing LAMC amendments (CF 14-0633-S5) to refine the City's approach to regulating marijuana in conjunction with the State of California.

Section 45.19.6.3 states that such businesses must comply with each of fourteen requirements in order to be considered legal by the City. The first six of these pertain to various administrative and taxation obligations. Compliance with these requirements has required the cooperation of various City departments, including the City Clerk and the Office of Finance.

The City has upon occasion been known to commit clerical and procedural errors relative to administration of its processes and statutes. A small number of these errors relate to the administrative aspects of Section 45.19.6.3. One such example found the Office of Finance providing the wrong form to a Business Tax Registration Certificate applicant. The applicant duly completed and submitted the form in a timely manner, only to later find that it had been deemed out of compliance even though the error subsequently was cured in every way required by the City, including the payment of additional fees and taxes. This led to the City taking legal action against the business.

For most violations of the LAMC, the standard expectation is that if the violation is cured, the City's and the public's interest is satisfied and the matter is not pursued in the legal system. Section 45.19.6.3 unfortunately was not drafted to explicitly reflect this standard approach.

However, the deliberations leading to the crafting and passage of Measure D (Ordinance No. 182,580) reflected the Council's primary concern that marijuana-related businesses not create nuisances, foster associated criminal activity, pose health and safety threats to children, or cause other serious problems. It was not the intention of the co-authors of the legislation or the Council in its action to unreasonably punish businesses that act in good faith to cure non-substantive errors relating to the administrative requirements of the Section. This is especially the case when the cause of the violation in question is the action of the City as opposed to that of the regulated business.

I THEREFORE MOVE, that the City Council, as a matter of policy, state that its intent is that businesses otherwise operating legally under LAMC Section 45.19.6.3 should be allowed an opportunity to cure non-substantive administrative violations in A through F without being held strictly liable for those violations; and

I FURTHER MOVE, that this principle also be reflected in any ordinance developed under CF 14-0633-S5 to establish a new regulatory regime for marijuana-related businesses in Los Angeles.

PRESENTED BY: _____

Paul Koretz
 PAUL KORETZ
 Councilmember, 5th District

SECONDED BY: _____

[Signature]

[Signature]
 APR 28 2017

ORIGINAL