

****REVISED****

(May 27, 2021)

Redlined Ordinance

LAMC 104.00, 104.01, 104.03, 104.05, 104.06
104.06.1, 104.07, 104.13, 104.14, 104.19 and 104.20

SEC. 104.00. PURPOSE.

In November 2016, the people of the State of California voted to approve Proposition 64, the Adult Use of Marijuana Act (AUMA), which decriminalized certain activities related to non-medical cannabis in California. Subsequently, the State enacted the Medicinal and Adult-Use Cannabis Regulation and Safety Act to establish a system to control and regulate the cultivation, distribution, transport, storage, manufacturing, processing and sale of both medicinal and recreational cannabis. The AUMA also provided for State licensing of commercial cannabis businesses, starting January 1, 2018. State law requires city approval in order to obtain a State License. The City desires to create a licensing system for certain cannabis-related businesses. Therefore, the City has created a Department of Cannabis Regulations and a Cannabis Regulation Commission to implement this article and otherwise coordinate administration of the requirements of this article. ~~The City Council will promulgate and approve by resolution Rules and Regulations for this article.~~

SEC. 104.01. DEFINITIONS.

(a) The following definitions shall apply to this article. Words and phrases not defined herein shall be construed as defined elsewhere in this Code, as required by the context:

~~1610.~~ **"Canopy"Cultivation Area** means the designated area(s) at a Business Premises that will contain mature plants at any point in time.

SEC. 104.03. APPLICATION PROCEDURE.

(a) **Application – Pre-Application Review.** Prior to filing an application pursuant to Subsection (b), an Applicant shall submit a Pre-Application, including all documents as determined by DCR, and pay a Pre-Application Review Fee pursuant to Section 104.19 for DCR to conduct a preliminary review of the application, ~~and verify eligibility of Primary Personnel subject to a background review pursuant to Subdivisions 1. and 2. and~~ to determine compliance of the Business Premises location pursuant to Subdivision 3- ~~and LAMC 105.00 et seq.~~ If the ~~application~~Pre-Application is deemed eligible for further processing, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 30 days of receiving an eligibility determination for further processing. An EMMD seeking a License under Section

104.07 shall pay the EMMD Temporary Approval Application Fee pursuant to Section 104.19(a). An Applicant seeking a License under Section 104.08 shall pay the Section 104.08 Temporary Approval Application Fee pursuant to Section 104.19(a). DCR may request additional information or documents from the Applicant at any time during the pre-application review, subject to payment of any fees under Section 104.19(h). If the Applicant fails to provide the additional information or documents in the time allotted by DCR, the application shall be deemed abandoned. Except for a Social Equity Individual Applicant who is an Owner on an application subject to processing under Section 104.06.1, an individual Applicant, Owner, or Primary Personnel who is disqualified under Subdivision 1. or 2. may be permitted to amend the application to cure those defects, subject to the payment of any applicable modification fee in Section 104.19. An Applicant whose Business Premises location is deemed ineligible under Subdivision 3. shall not be permitted to amend their application but may submit a new application subject to the payment of any applicable fee in Section 104.19. **(Amended by Ord. No. 186,919, Eff. 2/24/21.)**

1. Primary Personnel convicted of any of the following offenses within the time specified shall be disqualified in any of the following circumstances and are prohibited from applying for or holding a Temporary Approval or License: Primary Personnel may be subject to LiveScan or a similar review of criminal history.

(viii) A civil judgment concerning illegal commercial cannabis activity for a period of 5 years from the date of the judgment.

3. In the following circumstances a Business Premises location is ineligible for Licensure:

(vi) The Business Premises was the site of padlocking under Section 104.15.1 for a period of five years from the date of the padlocking.

4. Public Convenience or Necessity Process. If the Applicant's Business Premises is located in a Community Plan Area of Undue Concentration, ~~DCR shall not conduct a preliminary review of the~~ the Applicant must request that the City Council find that approval of the License application would serve the public convenience or necessity. Prior to seeking a finding from City Council, the Applicant shall submit a Pre-Application and pay a Pre-Application Review Fee pursuant to Subsection (a) and, instead Section 104.19 for DCR to determine compliance of the Business Premises location pursuant to Subdivision 3 and LAMC 105.00 et seq.

(i) If DCR determines that the Pre-Application is not eligible for further processing, the Applicant shall not file a request that the City Council find that approval of the License application would serve the public convenience or necessity and DCR shall not

further process the application. The Applicant may submit a new Pre-Application for a new location, subject to the payment of fees under Section 104.19.

(ii) If DCR determines the Pre-Application is eligible for further processing, the Applicant shall file a request, on a form provided by DCR, that the City Council find that approval of the License application would serve the public convenience or necessity, supported by evidence in the record. The Applicant shall also pay a Public Convenience or Necessity Application Fee pursuant to Section [104.19\(g\)](#) within 30 days from the date of invoice issuance. DCR shall transmit the request to the City Clerk within 30 days of the Applicant's payment of the Public Convenience or Necessity Application Fee. The Applicant shall engage with and seek written input from the following key stakeholders for the area in which the proposed Business Premises will be located, which at a minimum should include: area Neighborhood Council; Los Angeles Police Department (LAPD) Division; local chamber of commerce; and at least one substance abuse intervention, prevention and treatment organization withwithin the Community Plan Area. LAPD shall provide the City Council with crime data for the area, and a letter stating their position on the application request. DCR shall promulgate standards subject to City Council approval by resolution, which may be amended from time to time. DCR shall provide written notice of the Applicant's request pursuant to Section [104.05\(b\)](#). If the City Council does not act on the Applicant's request within 90 calendar days of the City Clerk's date of receipt, then the City Council shall be deemed to have not made the necessary findings to support the public convenience and necessity, the request shall be denied by operation of law, and the License application shall not be processed by DCR. If the City Council finds that approval of the License application would serve the public convenience or necessity, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 30 days of the Council's action becoming final.

(e) **Application – Modification.** An Applicant or Licensee shall not make ~~amendments~~modifications to an Application or License without prior written approval by DCR in accordance with this subsection. An Applicant or Licensee shall submit ~~an amendment~~a modification request on a form provided by DCR and pay a modification request fee pursuant to Section [104.19\(h\)](#). Upon payment, DCR, in its sole discretion, will review and determine if the ~~amendment~~modification request is eligible for further consideration. DCR's determination is final and not appealable. If the requested ~~amendment~~modification(s) can be further considered, the Applicant or Licensee shall submit any additional documents or information DCR deems necessary to process the request and pay any additional modification fees pursuant to Section [104.19](#). ~~Amendment~~Modification requests shall not be processed until all required documents, information, and fees have been submitted to DCR. DCR may require Licensees to obtain approval for the proposed ~~amendment~~modification(s) from the applicable State licensing or regulatory

agency or agencies. DCR may also require business entities formed as corporations, limited partnerships or limited liability companies to update their filings with the California Secretary of State. DCR shall provide written notification when the requested ~~amendment~~modification has been fully processed. Persons shall not be permitted to sell, lease, lend, or otherwise transfer an Application, Temporary Approval, or License separate and apart from a transfer of the Person who owns the Application, Temporary Approval, or License. DCR may adopt guidelines, rules or regulations in accordance with this section.

1. **Business Premises Relocation.** An Applicant or Licensee shall not relocate Commercial Cannabis Activity without prior written approval by DCR. The Applicant or Licensee shall submit ~~an amendment a modification~~ request form and pay the ~~required modification~~Modification Request Form Review fee pursuant to Section 104.19. Upon payment of the ~~modification~~ fee, DCR shall review the new location request and notify the Applicant or Licensee if the new location complies with Article 5, Chapter X of the Los Angeles Municipal Code. Upon notification, the Applicant or Licensee shall provide at a minimum: (1) a copy of an executed lease ~~with proof of a deposit~~ or property deed for the new location; (2) a landowner acknowledgement that the Licensee has the right to occupy the property for Commercial Cannabis Activity for which the Licensee is seeking a license; (3) a site plan; ~~(4) a Business Premises diagram; and (5) copies of the licenses from the applicable State agency or agencies;~~ and (4) a Business Premises diagram. Upon notification, Applicants shall pay the Business Premises Relocation Fee pursuant to Section 104.1. An Applicant shall not conduct commercial cannabis activity at the new Business Premises location until Temporary Approval is issued at that location.

(iv) Relocations for Applicants Under Section 104.06.1(b). Applicants deemed eligible for further processing under Section 104.06.1(b) may submit one relocation request prior to December 31, 2021 and not be subject to the Business Premises Relocation Fee. Applicants shall pay Modification Request Form Review fee(s) pursuant to Section 104.19. For the purposes of compliance with LAMC Sections 105.02(a)(1)(B) or 105.02(a)(2)(B), the payment of the Modification Request Form Review fee(s) shall be the "Application Date" under LAMC Section 105.01. Subsequent relocation requests shall be subject to payment of the Business Premises Relocation Fee and LAMC Sections 105.02(a)(1)(B) or (a)(2)(B).

(v) Relocations After the Issuance of Temporary Approval. If an Applicant has been issued Temporary Approval for the location from which it seeks to relocate, the Applicant must request cancellation of its Temporary Approval at that location before Temporary Approval at the new Business Premises location may be issued.

2. **Ownership Structure.** Except for the Social Equity Individual Applicant who is an Owner in an application subject to processing under Section [104.06.1](#), DCR shall review and approve ~~amendments~~modifications to ownership for an Applicant's or Licensee's Applications, Temporary Approvals or Licenses. After submitting an application under Section [104.06.1](#), an Applicant shall not be permitted to amend its application to remove or replace the individual Owner who is the Social Equity Individual Applicant, as defined Section [104.20](#)(a) or (b). Applications, Temporary Approvals, and Licenses are not transferable or assignable to another Person unless a request is submitted and approved by DCR. Business entities formed as corporations, limited partnerships, or limited liability companies must update their filings with the California Secretary of State. The Applicant or Licensee shall pay the applicable modification fees pursuant to Section [104.19](#), as determined by DCR, and submit the following: (1) a copy of Statement of Information filed with the Secretary of State, if applicable; (2) a copy of the Amended Articles of Organization or Incorporation, if applicable; (3) Ownership and Financial Interest Holder Disclosure Form for all Persons associated with the Application, Temporary Approval, or License; (4) organizational chart showing all owners and entities in any multi-layer business structure; and (5) any additional information or documents DCR deems necessary to consider the request. Applicants and Licensees subject to Section [104.20](#) shall also provide all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns the minimum Equity Share required under Section [104.20](#)(a)(2). ~~Amendments~~Modifications to the ownership structure shall be made in accordance with the following:

3. **Legal Entity Name Change.** Business entities formed as corporations, limited partnerships or limited liability companies must register with the California Secretary of State and provide the Entity (File) Number to DCR upon application submission. Applications, Temporary Approvals, or Licenses may change the legal entity name under which the Application, Temporary Approval, or License was submitted or issued, provided that the Entity (File) Number registered with the Secretary of State remains the same. The Applicant shall submit ~~an amendment~~a modification request form and pay the required modification fee pursuant to Section [104.19](#) within 30 days of the date the invoice is issued. DCR may require that the Applicant or Licensee submit the documents to demonstrate that the changes have been filed with the Secretary of State or approved by the State agency or agencies. DCR may require that a new Application be submitted if it determines that the Application, Temporary Approval, or License has been sold, leased, lent, or otherwise transferred to another Person and shall deem the existing Application abandoned. Any new Application will be considered in the order received with respect to sensitive uses and, if applicable, to activities subject to Undue Concentration.

4. **Physical Modification of Business Premises.** An Applicant or Licensee shall not perform interior physical modifications, alterations, additions, or expansions of the Business Premises without written approval from DCR. The Applicant or Licensee shall submit ~~an amendment~~ a modification request form and pay the required modification fees pursuant to Section [104.19](#). Requests to modify the Business Premises shall comply with the following:

(i) ~~Except for business subject to Subdivision -(ii), -e~~Expansion of the Business Premises shall be limited to ~~500 square feet or 20~~50 percent of the existing Business Premises floor area ~~before the addition, or 2,500 square feet~~, whichever is less, and shall comply with [Article 5, Chapter X](#) of the Los Angeles Municipal Code.

(ii) Any Business Premises expansion by EMMDs shall comply with: (1) the distance and sensitive use restrictions of Los Angeles Municipal Code Section 45.19.6.3(L) and (O) of Proposition D notwithstanding those restrictions are or would have been repealed; (2) the zoning requirements of LAMC Section-105 et seq.; and (3) any physical expansion that involves cultivation Commercial Cannabis Activity shall be limited to the maximum Cultivated Area allowed by the cultivation License type issued by DCR.

5. **Fictitious Business Name Change.** Applicants who register a Fictitious Business Name (FBN) with the Los Angeles County Registrar must provide the FBN to DCR upon application submission. A new FBN, or a change to the existing FBN after the Application is submitted, must be requested by submitting ~~an amendment~~ a modification request form and paying the required modification fees pursuant to Section [104.19](#). The Applicant or Licensee shall submit the necessary documents to demonstrate that the changes have been registered with the Los Angeles County Registrar and approved by the State.

6. **Other ~~Amendments~~Modifications.** DCR may consider other application ~~amendments~~modifications on a case-by-case basis. The Applicant or Licensee shall submit ~~an amendment~~ a modification request form and pay the required modification fees to Section [104.19](#).

(h) Abandonment. If at any time DCR determines that an Application or modification request is incomplete, fee payments required under Section 104.19 are not timely paid, or records or information requested by DCR has not been provided within the time allotted by DCR, the Application or modification request may be deemed abandoned. DCR shall not refund fees for an abandoned application or modification request. An Applicant may reapply following an abandoned application or modification request.

SEC. 104.05. NOTICE.

(c) Required Notices.

4. **Notice of Public Convenience or Necessity (PCN) ~~Public Hearing Request Filing.~~** Within 10 days of DCR transmitting an applicant's request to the City Clerk that the City Council find that approval of the license application would serve the public convenience or necessity, DCR shall provide written notice under Section [104.05\(b\)\(1\)](#).

SEC. 104.06. ISSUANCE OF LICENSE.

(b) Non-Retailer Commercial Cannabis Activity in a Business Premises Less than 30,000 Square Feet or Non-Storefront Retailer Commercial Cannabis Activity. With respect to an application for a License for Non-Retailer Commercial Cannabis Activity where the Business Premises is less than 30,000 square feet or Non-Storefront Retailer Commercial Cannabis Activity, DCR shall either deny the issuance of the License with no hearing at any time during application processing or, within 90 calendar days of the date DCR deems the application complete, approve the issuance of the License with no hearing. Prior to making its decision, DCR shall consider written information submitted by the public and other interested parties. DCR's decision shall be based on written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of [Article 5 of Chapter X](#) of this Code. DCR may approve the issuance of the License with the imposition of conditions to address public safety concerns. DCR shall process applications specified in this subsection consistent with the Social Equity Program processing specified in Section [104.20\(c\)\(4\)\(i\)](#). Except as otherwise permitted under ~~Section~~[Sections 104.07, Type and 104.08, Type 1A, 1C, 2A, 3A, 5A and](#) 9 Licenses shall be limited to only Social Equity Applicants, as defined in Section [104.20\(a\)](#) and (b), until January 1, 2025.

(c) Non-Retailer Commercial Cannabis Activity in a Business Premises 30,000 Square Feet or Larger. With respect to an application for a License for a Non-Retailer Commercial Cannabis Activity in a Business Premises 30,000 square feet or larger, DCR shall either deny the issuance of the License with no hearing at any time during application processing or, within 90 calendar days of the date DCR deems the application complete, make a recommendation to the Commission to issue the License. The date of the recommendation shall be the date when DCR transmits its report to the Commission for consideration to be scheduled at a future Commission meeting. DCR shall process applications specified in this subsection consistent with the Social Equity Program processing specified in Section [104.20\(c\)\(4\)\(i\)](#). Except as otherwise permitted under ~~Section~~[Sections 104.07, Type and 104.08, Type 1A, 1C, 2A, 3A, and 5A and](#) 9 Licenses shall be limited to only Social Equity Individual Applicants, as defined in Section [104.20\(a\)](#) and (b), until January 1, 2025.

(d) **Temporary Approval.** DCR may, at its discretion, issue a Temporary Approval to engage in Commercial Cannabis Activity at a Business Premises location provided that the Applicant pays the Temporary Approval Application Fee for each Commercial Cannabis Activity, pursuant to Section [104.19](#), and the following requirements are met: (1) the ~~Applicant receives authorization from the State;~~ (2) the Business Premises location passes an Initial Inspection; (3) ~~there are no fire or life safety violations at the Business Premises;~~ (4) ~~the~~ (2) the Applicant submits the required attestations and forms, as determined by DCR; and (5) the Applicant indemnifies the City on a form provided by DCR. - These requirements do not apply to Temporary Approvals issued under the authority of Sections [104.07](#) and [104.08](#). Applicants and Licensees subject to Section [104.20](#) shall also provide all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns at least the minimum Equity Share required under Section [104.20\(a\)\(2\)](#). Issuance of a Temporary Approval does not create a vested right in the holder to either an extension of the Temporary Approval, or to the issuance of a subsequent non-temporary License. -Temporary Approval authorizes the Applicant to conduct Commercial Cannabis Activities, ~~but subject to the Applicant obtaining all necessary permits from the City, State or other public agencies.~~ Temporary Approval does not waive or otherwise circumvent other City or State requirements or necessary permits from the City, State, or other public agencies, including, but not limited, to, a Certificate of Occupancy, permit or authorization of the Los Angeles Fire Department, health permit from the County of Los Angeles, or authorization from the State. If at any time during the processing of an Application or after the issuance of Temporary Approval it is discovered that an Application has been improperly prepared or required information has not been submitted in accordance with the Rules and Regulations, upon notification to the Applicant, processing of that Application shall be suspended and shall not continue until the Application has been corrected or the required information provided.

1. DCR may immediately suspend a Temporary Approval without a hearing based upon ~~written findings:~~ (1) notice from another City or State agency that an Applicant's use of or conduct at the Business Premises poses an imminent threat to life or public safety.; (2) notice to DCR or DCR's discovery that the Applicant is conducting commercial cannabis activity without all necessary permits, inspections or similar clearances to operate from another City, State or other public agency; or (3) notice from the State or DCR's discovery that the Applicant is conducting commercial cannabis activity without an active State license for that commercial cannabis activity DCR's written findings shall conform with Section [104.13\(c\)](#). After suspension, the Applicant may request an administrative hearing pursuant to Section [104.14](#). An Applicant may not conduct commercial cannabis activity while Temporary Approval is suspended.

(i) If DCR suspends a Temporary Approval because the Applicant is conducting commercial cannabis activity at Business Premises without authorization from the State or without a required permit from another City, State

or public agency, DCR may reinstate Temporary Approval if the Applicant provides evidence of the relevant State license(s) or required permit, inspection or clearance to operate, or if such a showing is made during an administrative hearing.

2. DCR may issue a Notice of Violation based upon notice from another City or State agency, including but not limited to the Los Angeles Fire Department or Department of Building and Safety, that the Applicant has not taken the necessary corrective action to cure a violation, notice to correct, or other form of non-compliance within 90 days, or other time allotted by the citing agency. DCR's written findings shall conform with Section 104.13(c). The Applicant may request an administrative hearing pursuant to Section 104.14.

3. DCR may issue a Notice of Violation based upon evidence that the Temporary Approval was procured by fraud, misrepresentation, deceit, or material misstatement of fact in the application for licensure. DCR's written findings shall conform with Section 104.13(c). The Applicant may request an administrative hearing pursuant to Section 104.14.

(e) **CEQA.** Compliance with the California Environmental Quality Act (CEQA).

2. ~~Upon~~Prior to the submission of an annual License Application for an containing a complete project description for a License, and payment of all applicable fees, DCR shall consider whether the Project has been subject to prior environmental review under CEQA and, if not, what form of environmental review for the License is appropriate. If DCR proposes to act as the local Lead Agency under CEQA, DCR shall prepare, or oversee the preparation of, the appropriate CEQA document which may include: reliance on one or more categorical or statutory exemptions, a negative declaration or mitigated negative declaration, an environmental impact report, a sustainable communities environmental assessment, an addendum or other document provided by CEQA. The Commission or its designee shall consider and adopt the CEQA document prior to issuance of the License. If a Significant Effect on the Environment is identified, the Commission or its designee shall adopt one or more findings, supported by substantial evidence in the record, consistent with Public Resources Code Sections 21081 and 21081.6, and CEQA Guidelines Section 15091. Alternatively, if DCR acts as a Responsible Agency under CEQA, the Commission or its designee, prior to approval of a License, shall consider the Lead Agency's environmental document and make the findings required by Public Resources Code Section 21081, and CEQA Guidelines sections 15096(g)-(h), 15050(b).

3. Appeals concerning CEQA may be filed pursuant to the procedures in LAMC Section 197.01 et seq.

**SEC. 104.06.1. SOCIAL EQUITY PROGRAM COMMERCIAL CANNABIS
ACTIVITY APPLICATION PROCESSING.**

(a) DCR shall process an Application under this section consistent with Section [104.20\(c\)\(4\)\(i\)](#). Applications that meet the requirements of this section shall be eligible for further processing pursuant to Section [104.06](#).

(b) Type 10 Application Processing – Round 1.

1. **Social Equity Individual Applicant Verification.** For a period of 60 calendar days, beginning on a date at DCR's sole discretion, an individual may apply to be verified as a Tier 1 or Tier 2 Social Equity Individual Applicant as defined in Section [104.20\(a\)](#). DCR's determination of whether an individual is a Social Equity Individual Applicant shall be made with no hearing, is final and not appealable.

4. During the 14-calendar-day application period, an Applicant shall submit, in a form and manner determined by DCR, an application that includes **all of** the following: (1) a copy of an executed lease agreement ~~with proof of a deposit~~ or property deed for its Business Premises; (2) an ownership and financial interest holder form; (3) a financial information form; (4) a Business Premises diagram; (5) proposed staffing and security plans; (6) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; (7) a labor peace agreement attestation form; (8) an indemnification agreement provided by DCR; and (9) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under ~~Section 104.20~~ **LAMC Section 104.20**.

6. The first 75 Tier 1 Applicants and the first 25 Tier 2 Applicants who meet the requirements of this subsection shall be eligible for further processing pursuant to Section [104.06](#). If less than 75 Tier 1 Applicants meet the requirements of this subsection, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who meet the requirements of this subsection. All Applicants who submitted an application that are not eligible for further processing **and qualify under Section 104.06.1(c)(4)** may apply for Type 10 Application Processing - Round 2.

7. DCR shall, subject to review of any applications previously deemed ineligible as described below, process ~~the next 100 Applicants~~ **Applications up to and including DCR Record No. LA-C-19-310245-R-APP** from the list published by DCR titled ~~"Phase 3 Retail Round 1 Submissions (09/03/19, 10 am to 09/17/2019 10 am)"~~ **"Phase 3 Retail Round 1 Submissions (09/03/19, 10 am to 09/17/2019 10 am)"**, dated September

26, 2019. Notwithstanding any prior notice and/or action by DCR, Applicants that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019, or ~~due to the failure to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application shall submit proof of deposit may~~ be ~~included in the next 100 Applicants deemed eligible for further processing if all other requirements are met.~~ Applications deemed eligible for further processing under Section ~~104.06.1~~(104.06.1)(b)(6) as of January 1, 2020, and Applications deemed eligible for further processing under Section 104.06.1(b)(7) after January 1, 2021, shall not be included in the calculation of Undue Concentration, as defined in Section ~~104.01~~(104.01)(a)(48).

8. -An Applicant shall pay all required application fees pursuant to Section ~~104.19~~104.19 within 30 days of being issued an invoice by DCR or its application shall be deemed abandoned.

(c) **Type 10 Application Processing – Round 2.**

4. **Application Lottery.** Verified Social Equity Applicants shall be entered into an Application lottery. DCR may identify as many Social Equity Applicants eligible for further processing through an Application Lottery as there are total available licenses in Community Plan Areas that have not reached Undue Concentration. Social Equity Applicants shall be randomly selected during the lottery, which shall take place at a location, date and time determined by DCR, ~~until Undue Concentration is reached citywide.~~ DCR shall post a notice at least 15 calendar days prior to the lottery which shall include the procedures and protocol to conduct the lottery and information regarding how the public can view or live stream the event. Applications drawn at the lottery shall be processed pursuant to Subsection (c)(5).

5. **Business Premises.** Social Equity Applicants selected during the Application lottery shall be afforded a maximum one year from the date of the Application Lottery to find a compliant property in any Community Plan Area that has not reached Undue Concentration on a first come, first served basis until each Community Plan Area has reached Undue Concentration. A Social Equity Individual Applicant's Business Premises location is subject to Chapter 5, Article X of this Code and shall comply with Section 104.03(a)(3). Business Premises locations shall be reviewed and approved in the order received by DCR. An Applicant whose Business Premises location is deemed ineligible under Section 104.03(a)(3) shall be permitted to amend their Application subject to the payment of any applicable fee in Section 104.19, and provided that the new Business Premises location is

submitted to DCR within the one year time limitation. Social Equity Applicants shall comply with the Equity Share requirements in effect at the time DCR deems the location eligible under Section [104.03\(a\)\(3\)](#).

(d) **Public Convenience or Necessity Application Processing.** In addition to Type 10 applications processed in Round 1 and Round 2 under this section, on or after September 3, 2019, DCR shall process any Type 10 application with a Business Premises located in a Community Plan Area of Undue Concentration if the Applicant meets the following requirements:

1. The Applicant has an individual Owner who is a Social Equity Individual Applicant who has been verified pursuant to Section [104.20](#);

~~2. The Applicant submits a Pre-Application and pays a Pre-Application Review Fee pursuant to Section 104.19 for DCR to determine compliance of the Business Premises location pursuant to Subdivision 3 and LAMC 105.00 et seq.~~

~~3. The Business Premises location complies with LAMC 105 et seq., and the Applicant submits, in a form and manner determined by DCR, all documents and information required under Subsection (b)(4);.~~

~~4. The first 150~~ Applicants who submit an application that meets the requirements of Subdivision 2. of this subsection shall ~~then each have 90 calendar days, beginning on a date determined by DCR at its sole discretion, to~~ submit, in a form and manner determined by DCR, the following application documents: 1) a copy of an executed lease agreement ~~with proof of a deposit~~ or property deed for its Business Premises; 2) a Business Premises diagram; 3) proposed staffing and security plans; 4) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; 5) an indemnification agreement; 6) an ownership and financial interest holder form; and 7) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under Section [104.20](#). An Applicant who fails to ~~timely~~ meet these requirements in the time allotted by DCR shall have its application deemed abandoned.

~~45.~~ The City Council, pursuant to Section [104.03\(a\)\(4\)](#), has found that approval of the application would serve public convenience or necessity.

~~5. The first 1506.~~ Applicants who submit an application that meets the requirements of this subsection shall be eligible for further processing pursuant to Section [104.06](#). DCR may process additional applications that meet the requirements of this subsection and based on date and time submitted until each Community Plan Area has reached Undue Concentration for Type 10 Licenses.

~~67.~~ An Applicant shall pay all required application fees under Section [104.19](#) within 30 days of being issued an invoice by DCR or its application shall be deemed abandoned. (Amended by Ord. No. 186,919, Eff. 2/24/21.)

(f) **Non-Retail Application Processing.**

2. **Application Period.** DCR shall, on a date beginning at its sole discretion, accept applications for processing under this subsection, provided that it posts written notice on its website at least 15 calendar days before the start date of the processing period. To be eligible for processing under this subsection, ~~a Type 9~~an Applicant shall submit the following application documents: (1) letter from the landlord or other evidence of a legal right to occupy the Business Premises; (2) a Business Premises diagram; and (3) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License.

SEC. 104.07. PROPOSITION M PRIORITY PROCESSING.

(e) An EMMD otherwise eligible for Proposition M Priority Processing shall not be denied a Temporary Approval or a License based upon the EMMD's Business Premises location initially or amended prior to the enacted date of Section [45.19.7.2](#), or subsequent location approved pursuant to Section [45.19.7.2](#), if located in a Community Plan Area ~~that has reached~~of Undue Concentration. An EMMD otherwise eligible for Proposition M Priority Processing shall not be denied a Temporary Approval or a License based upon the location of: (1) the EMMD's original Business Premises; (2) Business Premises amended prior to the enactment of Section [45.19.7.2](#); or (3) subsequent Business Premises approved pursuant to Section [45.19.7.2](#), if located in a Community Plan Area ~~of that has reached~~ Undue Concentration.

(h) An EMMD issued a License pursuant to Proposition M Priority Processing is not required to adhere to the zone, distance and sensitive use restrictions stated in Section [105.02](#) of this Code as long as, and on the condition that, the EMMD:~~(1) operates and continues to operate in compliance with the distance and sensitive use restrictions (Los Angeles Municipal Code Section 45.19.6.3(L) and (O)) of Proposition D notwithstanding those restrictions are or would have been repealed;~~ ~~and (2) limits on-site Cultivation at the Business Premises to not exceed the size of the EMMD's existing square footage of building space as of March 7, 2017, as documented by dated photographs, building lease entered into on or before March 7, 2017, or other comparable evidence.~~ This limited grandfathering shall not create, confer, or convey any vested right or non-conforming right or benefit regarding any activity conducted by the EMMD beyond the term and activities provided by the City License. This limited grandfathering shall cease on December 31, ~~2022~~[2025](#), after which all EMMDs shall be required to cease conducting any commercial cannabis

activities on Business Premises that do not meet the ~~zone~~ requirements of [Article 5 of Chapter X](#) of this Code. If an EMMD issued a License fails to operate in compliance with the specified provisions of Proposition D, the EMMD's Temporary Approval or License shall be subject to revocation.

SEC. 104.12. RENEWAL AND CANCELLATION.

2. Notwithstanding the deadlines in Subsection (a), after January 1, 2021, Licensees may submit a late renewal application and/or make a late renewal fee payment between January 1st and the final day of February after the expiration date of a License or Temporary Approval. Late renewal applications and/or late renewal fees submitted between January 1st and the final day of February shall be subject to the Expedited Services Fees (Double Time Rate), provided in Section [104.19\(h\)](#), which shall be due by the final day of February. All commercial cannabis businesses with an expired License or Temporary Approval must cease unlicensed Commercial Cannabis Activity until a new License ~~or~~ Temporary Approval is issued.

SEC. 104.13. ADMINISTRATIVE VIOLATIONS AND PENALTIES.

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4. DCR may reinstate a Licensee's authorization to conduct commercial cannabis activity after suspension if the Licensee completes any corrective action(s) to remedy the violation, or if a hearing officer so orders following an administrative hearing authorized by Section 104.14.

SEC. 104.14. ADMINISTRATIVE HEARING PROCEDURE.

(a) A request for an administrative hearing may be filed for the following DCR actions:

1. Issuance of a NOV by DCR.
2. Denial of an application for License renewal by DCR.
3. Notice of an administrative hold by DCR.
- 4. Determination by DCR that an Applicant is not eligible for processing pursuant to Section [104.07](#) or [104.08](#).
- 5. A suspension order pursuant to Section 104.06(d)(1).

(b) For hearings authorized by subsection (a) and Section 104.06(d)(1), an administrative hearing shall be held within 10 days of the suspension order, unless the Licensee and DCR mutually agree to a later date. Pre-hearing disclosures pursuant to subsection (e) shall be sent by simultaneous email service upon the other party and the hearing officer no later than two (2) days before the hearing. An Applicant may not conduct commercial cannabis activity pending the outcome of the administrative hearing. Failure to timely request an administrative hearing shall constitute a failure to exhaust administrative remedies.

(c) For all other hearings authorized by subsection (a), a request for an administrative hearing shall be filed with DCR within 15 days of the date of mailing of the notice of DCR's action, unless a later date is provided in the notice. Failure to timely request an administrative hearing shall constitute a failure to exhaust administrative remedies. An Applicant may continue to conduct commercial cannabis activity through the conclusion of the administrative hearing and until receipt of a hearing officer's final order upholding DCR's denial, suspension or other action. If DCR places an administrative hold on Cannabis and/or a Cannabis product, the hold shall remain in effect pending the outcome of the administrative hearing.

~~(ed)~~ DCR shall select a hearing officer and schedule an administrative hearing within 45 calendar days from the date DCR received the appeal, except that hearings as authorized in Section [104.07](#) or [104.08](#) shall be scheduled within 60 days of the date DCR received the appeal. DCR shall mail the notice of the hearing to the appellant and/or appellant's agent for service of process no later than 20 calendar days prior to the date of the hearing. The time for holding a hearing may be extended by mutual agreement between DCR and the appellant.

~~(de)~~ **Pre-Hearing Disclosures.** No later than seven calendar days prior to an administrative hearing, DCR and the appellant shall make the following pre-hearing disclosures to the hearing officer, with simultaneous email service upon the other party: (i) a brief statement of the facts and issues relating to the appeal; (ii) a copy of all documentary evidence to be offered at the hearing; and (iii) a list of all witnesses to be presented at the hearing. The hearing officer shall not issue any decision relating to the appeal before the hearing.

~~(e)~~ (f) DCR may promulgate Administrative Hearing Procedures concerning hearing processes and procedures. Administrative hearings shall be conducted as follows:

1. The hearing shall be recorded by an audio device provided by DCR. Any party to the hearing may, at its own expense, cause the hearing to be audio recorded and transcribed by a certified court reporter;
2. DCR shall have the burden of proof by the preponderance of the evidence;

3. The hearing officer may accept evidence on which persons would commonly rely in the conduct of their business affairs;

4. The hearing officer may continue the hearing and request additional relevant information from any party; and

5. Within 30 days of the conclusion of the hearing, the hearing officer shall issue a written decision that includes a statement of the factual and legal basis of the decision. The hearing officer shall use a de novo standard of review and may uphold or reject, in whole or in part, DCR's action. The hearing officer may waive or reduce the administrative penalties in an NOV after considering the factors specified in [104.13\(b\)](#).

~~The hearing officer's decision shall be sent by mail to the appellant and shall become final **within 15 days of on** the **date of mailing date, unless the appellant files. The issuance of a timely appeal to the Commission, except that a hearing officer's decision on an appeal as authorized in Section 104.07 or 104.08 is final and shall not be appealable to the Commission.**~~

~~The Commission shall hold a public hearing on an appeal by the appellant order from a hearing officer's decision within 60 days of the date of filing the appeal to the Commission. DCR shall provide notice of the public hearing as specified by Section [104.05\(b\)](#). The Commission shall consider de novo the record before the hearing officer and uphold, modify or reject, in whole or in part, the hearing officer's written decision. The Commission may waive or reduce the after an administrative penalties in the hearing officer's decision after considering the factors specified in [104.13\(b\)](#). The Commission shall not consider evidence outside of the record before the hearing officer. The Commission shall issue a decision within 30 days of the conclusion of the hearing and mail it to the appellant. The Commission's decision is final. appeal hearing exhausts administrative remedies.~~

SEC. 104.19. FEES AND FINES.

(d) **Notice Fees.** Notice fees shall be payable pursuant to Section [104.05](#) in accordance with the following schedule:

Type	Fee
Written Notice ^(a)	\$484

Mailed Notice (a)(d)	\$1,683 plus Actual Cost (d)
Printed <u>Posted</u> Notice (a)	\$484

(a) Fee is charged per Application.

(d) Fee is based on the actual cost. In addition to the Department's fee for Mailed Notice, the Applicant shall pay the actual mailing and postage costs directly to the Department's mailing services contractor.

(k) **Filing Fee Credit.** At the discretion of the Department, an Applicant for any determination for which fees are required by this section may be allowed credit for the fees paid upon a reapplication for the same activity under a different application procedure when the Department finds that the Applicant made a good-faith attempt to file the application properly and that the application could be more appropriately approved if filed under a different procedure.

(l) DCR has the sole discretion to consider and approve the issuance of partial or full refunds depending on the actual services performed for the full cost; however this This subdivision shall not be construed to allow credit to be given at the Applicant's option, ~~nor to allow refunds of any fees paid on the original application.~~

SEC. 104.20. SOCIAL EQUITY PROGRAM.

2. **Social Equity ~~Individual~~ Applicant – Entity Eligibility Verification.** A Social Equity ~~Individual~~ Applicant shall comply with the Equity Share criteria in this subdivision before a License is issued or renewed.

(i) **Ownership Percentage.** A Tier 1 Social Equity Individual Applicant shall own no less than a 51 percent Equity Share in the Person to whom the License is issued. A Tier 2 Social Equity Individual Applicant shall own no less than a 33 1/3 percent Equity Share in the Person to whom the License issued.

(ii) **"Equity Share"** means all of the following:

(1) **Unconditional ownership of the Equity Share.** The Equity Share shall not be subject to conditions precedent, conditions subsequent, executory agreements, voting trusts, restrictions on or assignments of voting

~~rights, or other arrangements causing or potentially causing ownership benefits in the Social Equity Applicant or Licensee to go to another in any circumstance other than after death or incapacity. In the case of death or incapacity, a Social Equity Individual Applicant shall identify his or her own successor in interest or assignee of their Equity Share. Community property laws shall have no effect on unconditional ownership.~~

(3) **Voting rights and control.** Social Equity Individual Applicants shall receive the following at all times:

(B) The highest officer position in the Social Equity Applicant or Licensee, such as the position of chief executive officer, unless ~~a natural person who otherwise meets the requirements of a Social Equity Individual Applicant, but who is not an Owner, is appointed to that position by mutual agreement of the parties or~~ another natural person is appointed to that position by mutual agreement of the parties.

~~(4) Successors. The Equity Share shall not be subject to arrangements causing or potentially causing ownership benefits in the Social Equity Applicant or Licensee to go to another in any circumstance other than after death or incapacity. In the case of death or incapacity, a Social Equity Individual Applicant shall identify his or her own successor in interest or assignee of their Equity Share.~~

~~—(4) **Surviving spouse.**—~~If a Social Equity Individual Applicant dies, the Social Equity Applicant or Licensee will continue to qualify under this section with the requisite Equity Shares so long as the surviving spouse of the deceased Social Equity Individual Applicant inherits or otherwise acquires all of such individual's ownership interest in the Social Equity Applicant or Licensee. The continued qualification by the surviving spouse shall begin on the date of the Social Equity Individual Applicant's death and terminate on the earlier of: (1) the date in which the surviving spouse remarries; (2) the date in which the surviving spouse relinquishes his or her ownership interest in the Social Equity Applicant or Licensee; or (3) the date that is ten (10) years after the date of the death of the Social Equity Individual Applicant.

(iii) **Additional Equity Share Requirements.**

(3) Any annual License(s) issued to a Social Equity Applicant may be suspended or revoked, or a License renewal denied, if it can be shown, by a preponderance of the evidence, that any provision in an operating agreement, contract, business formation document, or any other agreement between Owners of the Social Equity Applicant violates any of the Equity Share Requirements and is not cured within the time allowed by DCR.

(b) **Program – Expanded Eligibility Verification.** An individual seeking to participate in the Social Equity Program shall meet the criteria and requirements in this subsection

2. **Social Equity ~~Individual~~ Applicant – Entity Eligibility Verification.** An Applicant must comply with the Equity Share requirements in this subsection before a License is issued or renewed.

(iii) Additional Equity Share Requirements in Section 104.20(a)(2)(iii) which are incorporated herein by reference.