

**DEPARTMENT OF  
CANNABIS REGULATION**

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April 22, 2025

Council File 25-0600

Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, CA 90012

Attention: Budget and Finance Committee

## **DEPARTMENT OF CANNABIS REGULATION - MAYOR'S FY 2025-26 PROPOSED BUDGET**

Dear Honorable Members:

Thank you for the opportunity to respond to the Mayor's Fiscal Year (FY) 2025-26 Proposed Budget for the Department of Cannabis Regulation (DCR). DCR is grateful to the Mayor for the resources provided which allow DCR to continue to fulfill its core mission of administering local cannabis laws. DCR fulfills its mission by processing applications for commercial cannabis licenses, making licensing determinations, recommending actions to the Cannabis Regulation Commission, and regulating the operations of licensed commercial cannabis businesses with priority processing for verified Social Equity Individual Applicants (SEIAs).

DCR is responsible for the nation's largest municipal commercial cannabis program, regulating over 1,000 commercial cannabis licenses at approximately 700 business locations throughout the City of Los Angeles (City). DCR advances the City's long-term goals and fiscal priorities through constant improvements in the Department's social equity, licensing, and compliance programs.

With significant deficits expected through Fiscal Year 2028-29, DCR understands the difficult choices faced by the Mayor and City Council for Fiscal Year 2025-26. The Los Angeles City Controller estimates that revenue for the current fiscal year will fall short of the adopted budget from declining taxes, fees, and fines and further estimates a decline in General Fund revenues in the year ahead, while the City Administrative Officer is projecting a budget deficit by the current fiscal year end. Furthermore, amidst rising costs, continuing inflationary pressures, and uncertain economic conditions, the City is still assessing the total losses and full impact of the recent wildfires on the local economy and City revenues. DCR is deeply appreciative of the new special funded Systems Analyst position which will provide support for all DCR information technology equipment and systems.

The Department remains committed to fostering economic growth and development through the expansion and maturation of the commercial cannabis industry while supporting job creation and economic development opportunities for the transitional workforce. To mitigate impacts to the General Fund, DCR is working with the Office of Finance to address outstanding cannabis business taxes, has submitted an updated fee study to maintain full cost recovery ([Council File 25-0418](#)) for commercial cannabis application, licensing, inspection, and regulatory services, and will continue to pursue outside resources to subsidize historically General Funded programs. The Department's current fees are based on a fee study conducted in June 2020 and five (5) years have passed without an update to the fee structure. Based on the current fee study findings, the Department has recommended revising the Los Angeles Municipal Code (LAMC) to accurately represent the City's cost of providing services to commercial cannabis businesses. This will ensure that the Department will be fully funded, thus eliminating any liabilities to the General Fund for these special services. If approved, the new fee schedule is expected to increase revenue by approximately \$7.8 million in FY 2025-26 to cover operational costs.

Historically, DCR's Social Equity Program (SEP) has been funded by General Fund and State grant monies. The Department thanks the Mayor and Council for their support, and understands that with the current economic uncertainties, General Fund assistance will not be available next year. DCR worked diligently to secure a \$3.5 million grant from the California Governor's Office of Business and Economic Development ("GO-Biz") to support the Social Equity Program in the coming fiscal year, which include resources to continue the business, licensing, and compliance assistance services (BLC Program). With the funds procured through GO-Biz, the Department will be able to continue limited Social Equity programming by providing educational courses and webinars, direct technical assistance and one-on-one coaching, workforce development, networking events, and enhanced communications and public outreach services to Social Equity businesses as well as direct financial support in the form of fee waivers.

**The Department of Cannabis Regulation's Top-line Core Services:**

- **Application Review and Licensing**

The Licensing Division processes all applications for commercial cannabis licenses in the City of Los Angeles, and provides review and processing services for commercial cannabis applications related to storefront retail, non-storefront retail, and non-retail activities. The Licensing Division also presents recommendations related to storefront retail activities to the Cannabis Regulation Commission and regulates the operations of licensed commercial cannabis businesses in the City. To assist applicants and licensees, in FY 2024-25 to-date DCR continued its educational webinars with eight (8) Q&A Virtual Lunch webinars on various cannabis-related topics, and an additional five (5) webinars on Annual Licensing, inspections, compliance, and the SEIA Verification process.

- **Social Equity Program**

The SEP Division manages the BLC Program which supports SEIAs, social equity applicants, and social equity licensees with workforce development training, targeted outreach, technical assistance, education on cannabis policies, continued advocacy for cannabis policy reforms, and other resources for the licensed cannabis market.

- **Compliance**

DCR's newest division, the Compliance Division fulfills one of the Department's primary responsibilities: ensuring licensed commercial cannabis businesses in the City comply with local laws and regulations through inspection and educational services to support regulatory oversight and protect public safety. The Division also supports the inter-departmental online DCR Complaint Portal, which the public and other City and government agencies can use to submit complaints about commercial cannabis businesses operating within the City. For FY 2025-26, the General Fund resources provided to DCR to review and refer complaints related to unlicensed businesses was not continued. Because DCR is a full cost-recovery department, DCR will be unable to review complaints on unlicensed businesses, and will need to restrict its activities in response to complaints filed in the DCR Complaint Portal to licensed businesses.

**DCR has No Request for Alterations to the Mayor's Proposed Budget.**

DCR is grateful for what has been provided in the Mayor's Proposed Budget and does not have any requests for alterations.

**DCR has No Requests for Restoration of any services or programs.**

DCR does not have any requests for restoration of services or programs.

**Details on What Programs/ Operations are Handled within Each Division (ORG CHART)**

Please see attached department organizational chart which has been updated to reflect the Mayor's Proposed Budget and annotated with the information requested.

**Conclusion**

DCR appreciates your consideration of our Proposed Budget, and thanks you for the opportunity to address your Committee. Through these budget requests, the Department strives to continue to provide safe access to cannabis through local licensing of commercial cannabis activity and promote equitable ownership and employment opportunities in the cannabis industry through the City's SEP. This Proposed Budget will ensure DCR is able to keep pace as the City's cannabis-related responsibilities grow and ensure DCR can maintain the City's status as a national leader in municipal cannabis management.

For any questions regarding DCR's Proposed Budget, you may contact Chief Management Analyst Zach De Corse at [zachary.decorse@lacity.org](mailto:zachary.decorse@lacity.org).



JASON KILLEEN  
Acting Executive Director

cc: Carolyn Webb de Macias, Chief of Staff to the Mayor  
Rachel Freeman, Deputy Mayor of Business and Economic Development  
Matt Hale, Deputy Mayor of Finance, Operations, and Innovation  
Sharon Tso, Chief Legislative Analyst  
Matthew W. Szabo, City Administrative Officer

Department of Cannabis Regulation  
FY 2025-26 Proposed Budget  
Organizational Chart

Updated for Mayor's Budget

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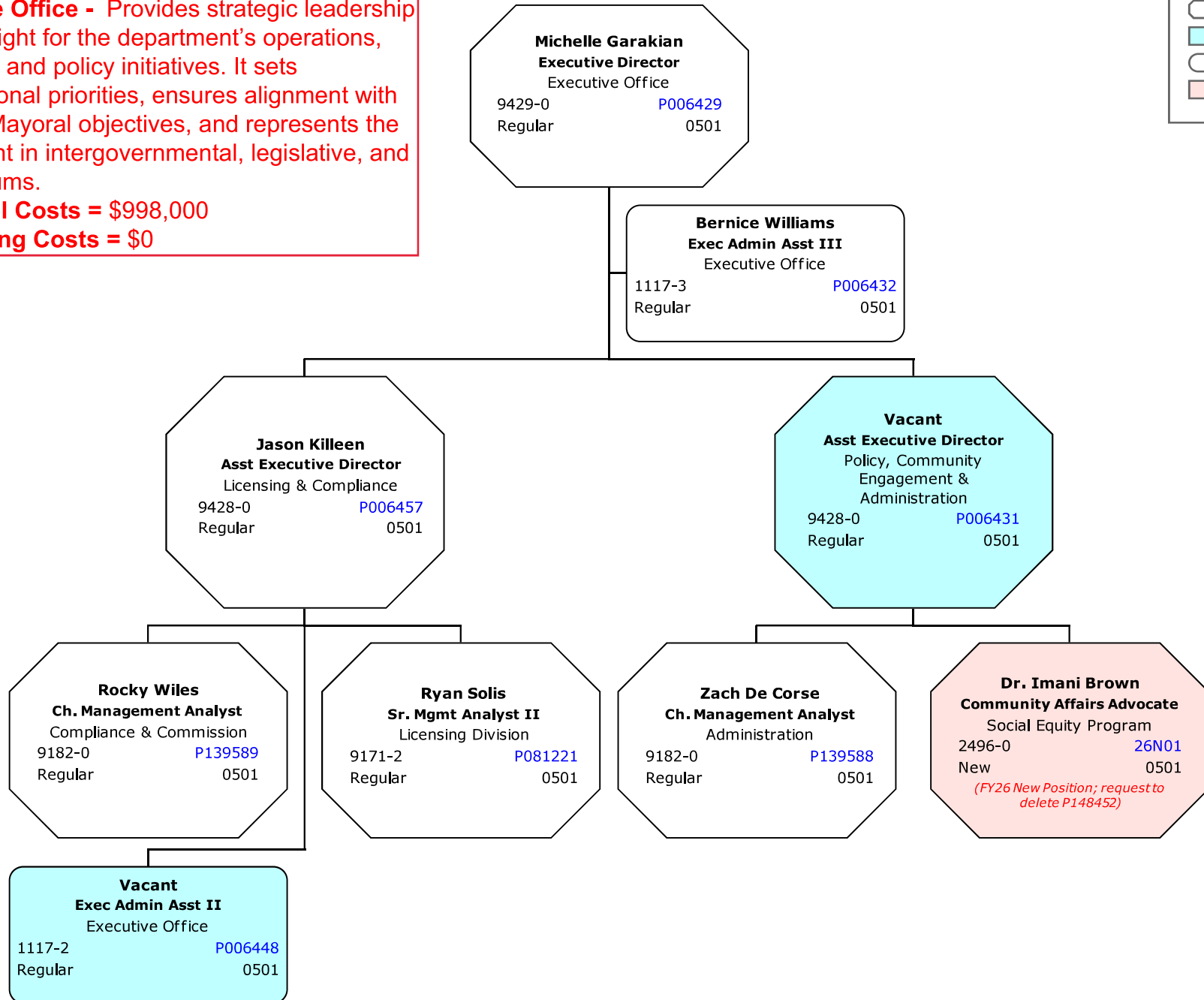
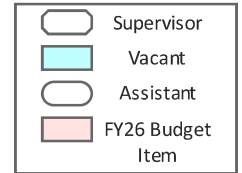
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# DEPARTMENT OF CANNABIS REGULATION

## FY 2025-26 Proposed Budget Organizational Chart

**Executive Office** - Provides strategic leadership and oversight for the department's operations, programs, and policy initiatives. It sets organizational priorities, ensures alignment with City and Mayoral objectives, and represents the department in intergovernmental, legislative, and public forums.

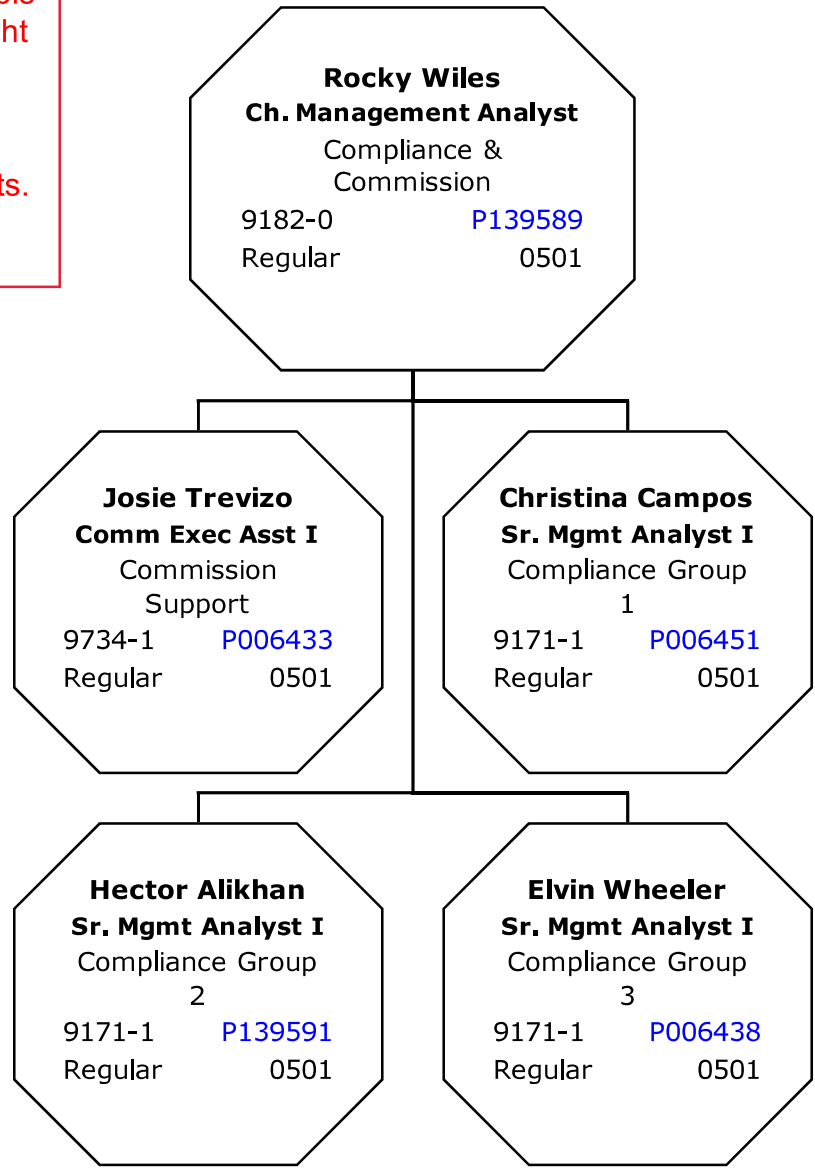
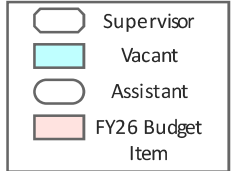
**Personnel Costs = \$998,000**  
**Contracting Costs = \$0**



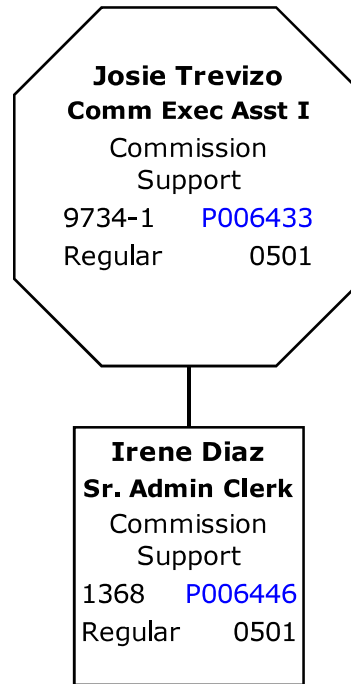
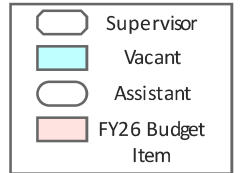
**DEPARTMENT OF CANNABIS REGULATION  
FY 2025-26 Proposed Budget Organizational Chart**

**Compliance and Enforcement (CED) -**  
Provides inspection and enforcement services for licensed commercial cannabis businesses to ensure regulatory oversight and promote public safety. CED also investigates complaints received about licensed operators and helps educate licensees about operational requirements.  
**Personnel Costs = \$1,745,000**  
**Contracting Costs = \$0**

**Commission Office -** Provides administrative support to the Cannabis Regulation Commission.  
**Personnel Costs = \$175,000**  
**Contracting Costs = \$0**

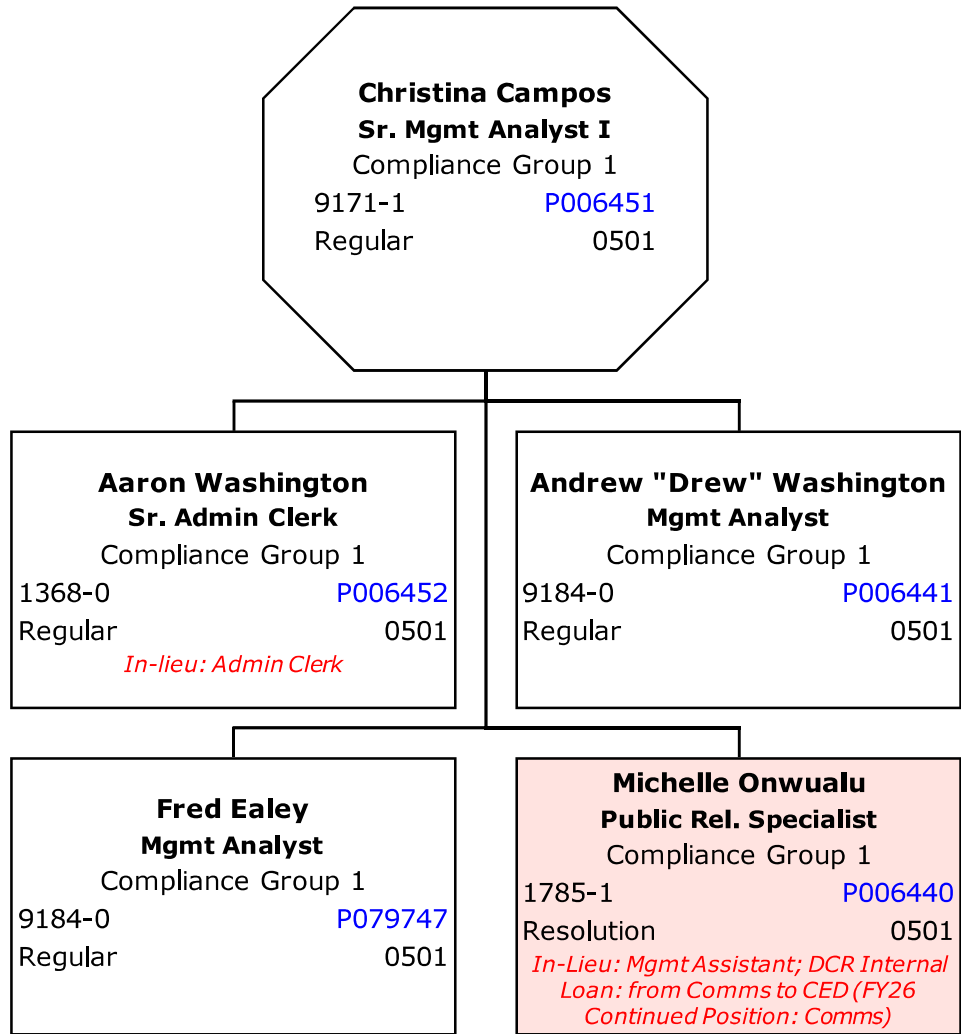
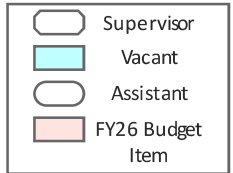


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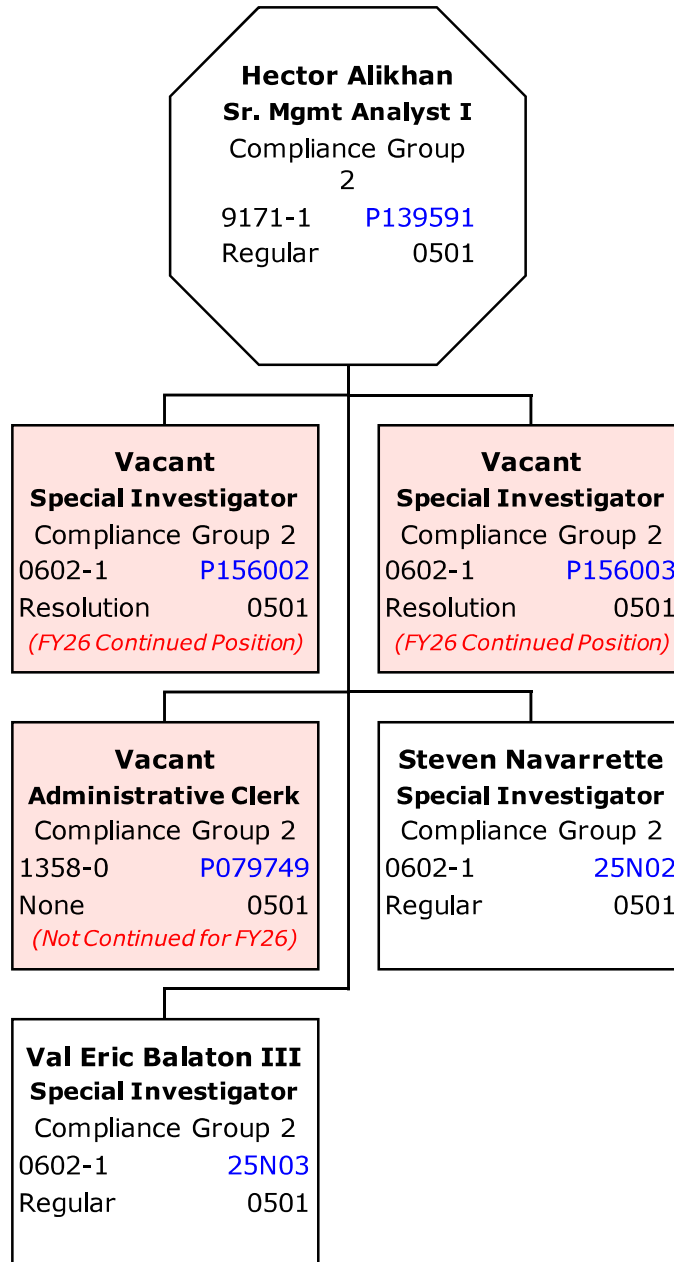
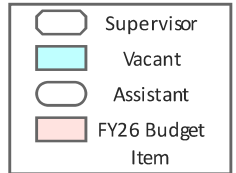




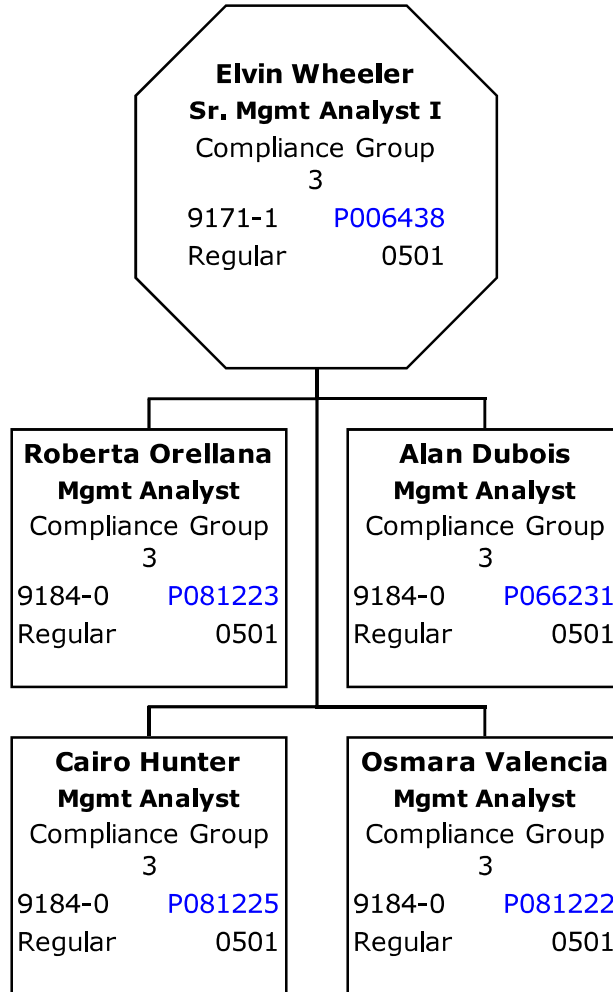
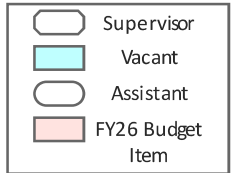
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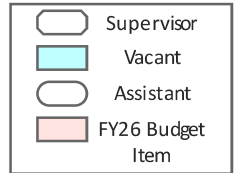
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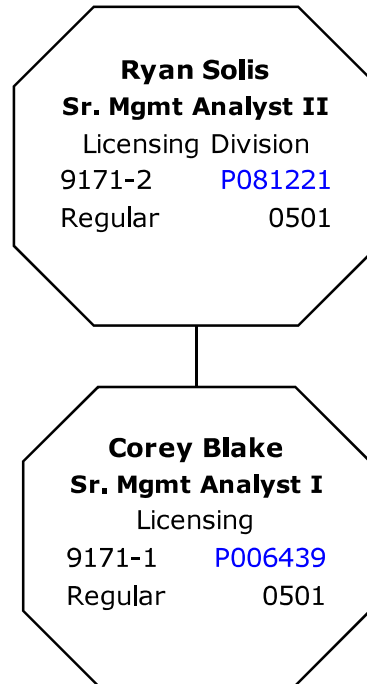
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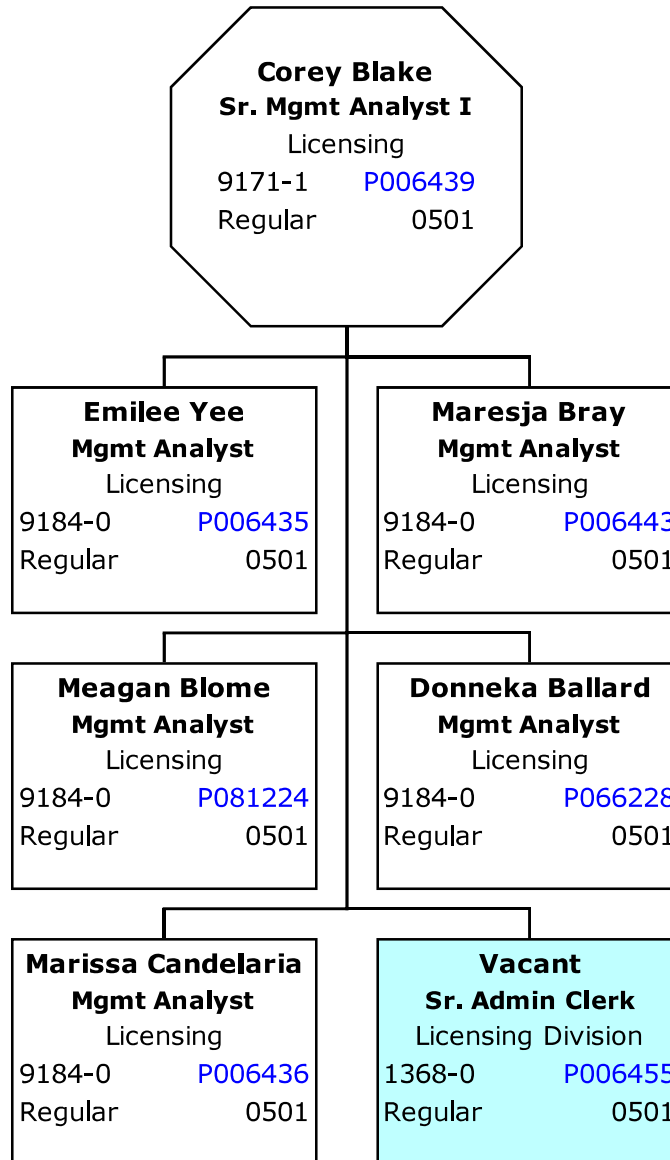
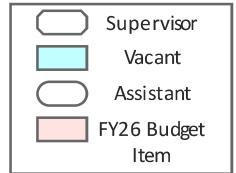
DEPARTMENT OF CANNABIS REGULATION  
FY 2025-26 Proposed Budget Organizational Chart



**Licensing Division-** Provides review and processing services for commercial cannabis applications related to storefront retail, non-storefront retail, manufacturing, cultivation, distribution, delivery, and testing activities. The Licensing Division also presents recommendations related to the storefront retail activity to the Cannabis Regulation Commission and regulates the operations of licensed commercial cannabis businesses in the City.  
**Personnel Costs = \$884,000**  
**Contracting Costs = \$0**

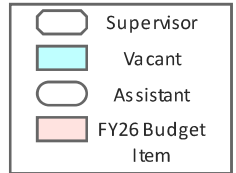


DEPARTMENT OF CANNABIS REGULATION  
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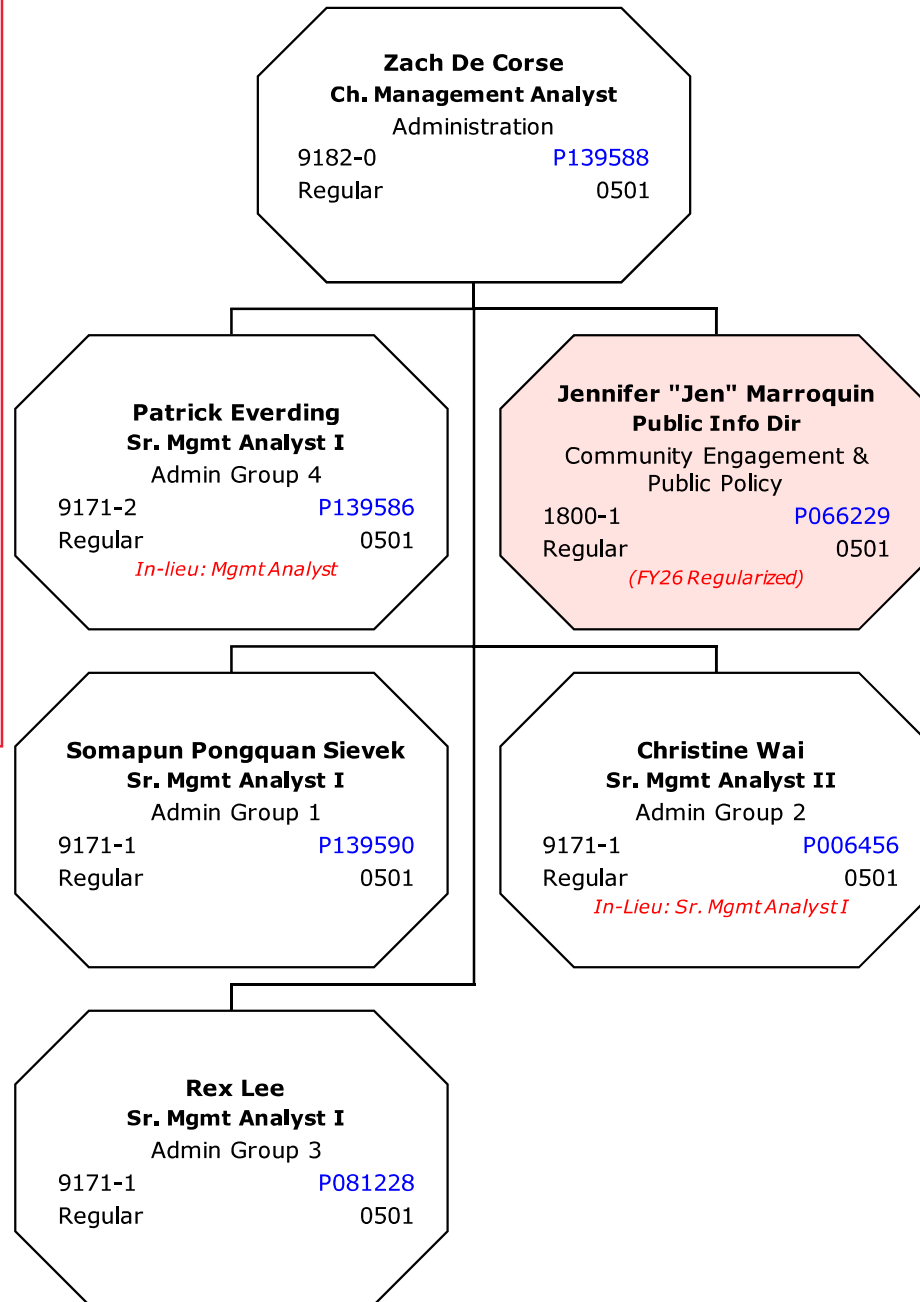
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## FY 2025-26 Proposed Budget Organizational Chart

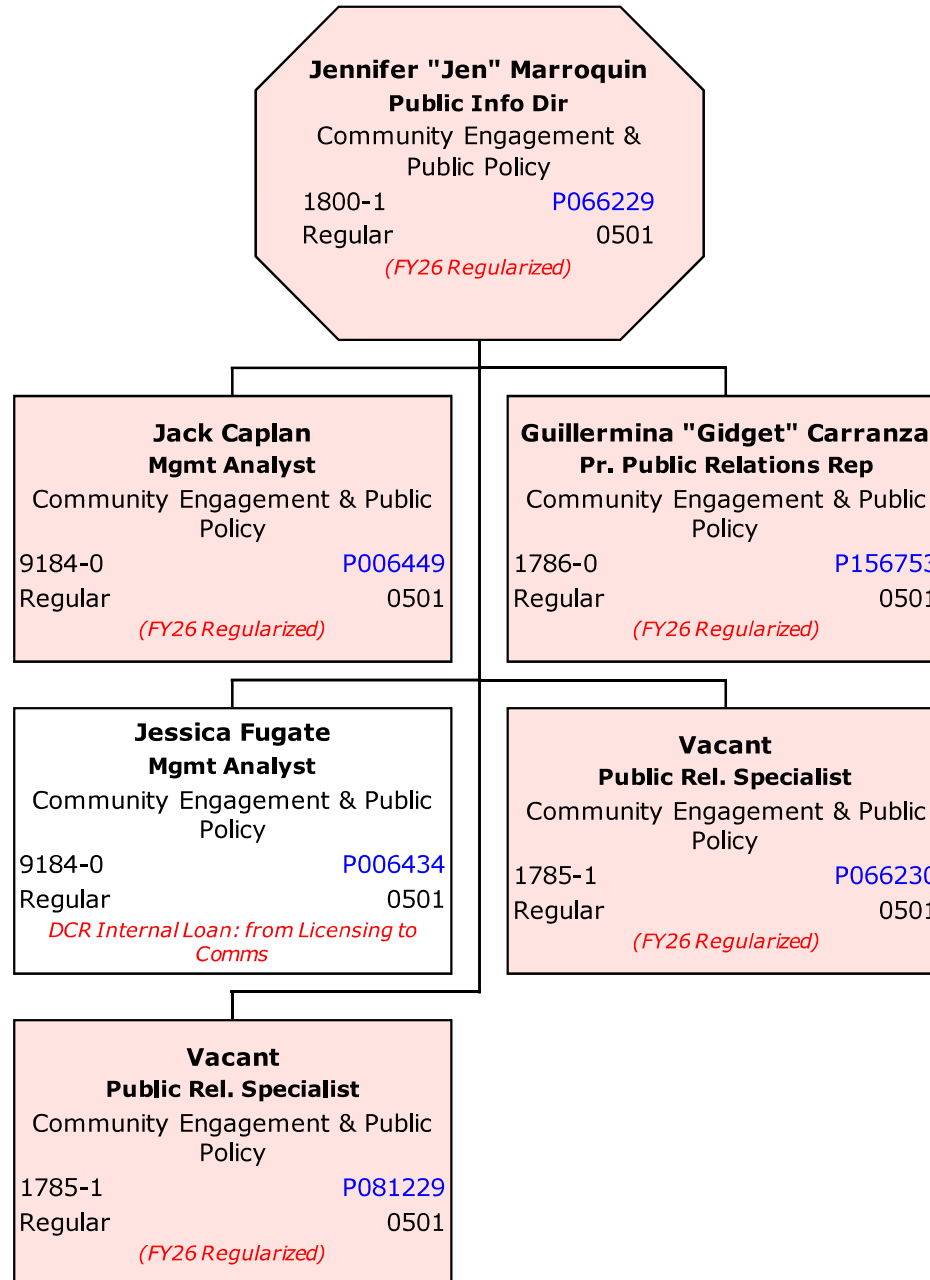
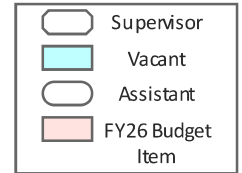


**Administration & Community Engagement Division** - Provides administrative support services for DCR. This division provides comprehensive oversight of the budget, contracts, facilities management, financial services, grants, personnel services, records management, and systems support. The division also includes the Community Engagement and Public Policy Section, which provides communication and outreach services to keep community members, licensees, consumers, DCR staff, the City, and all other stakeholders up-to-date on Department operations and developments within the cannabis industry.

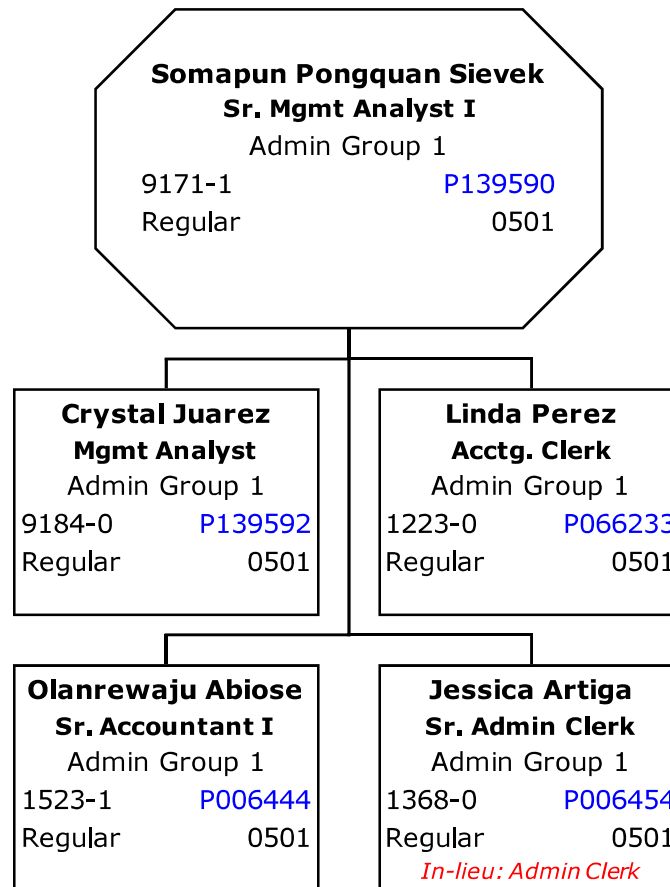
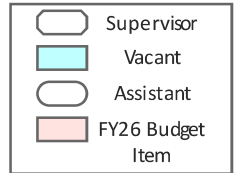
**Personnel Costs = \$2,801,000**  
**Contracting Costs = \$1,213,132**



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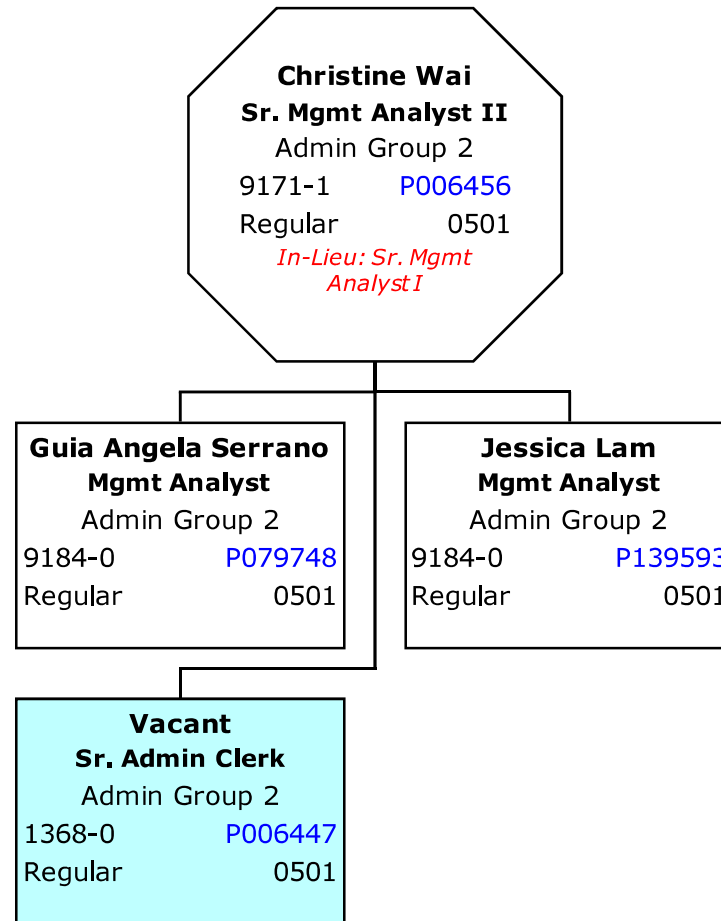
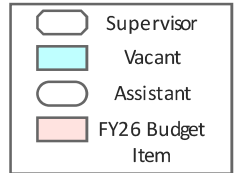


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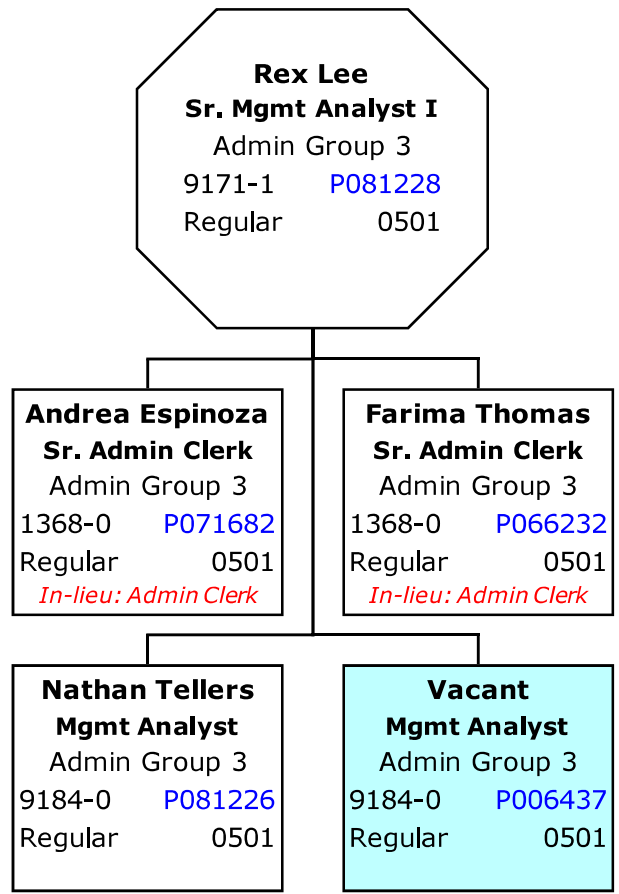
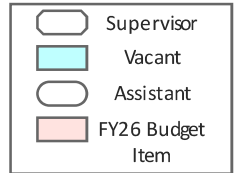




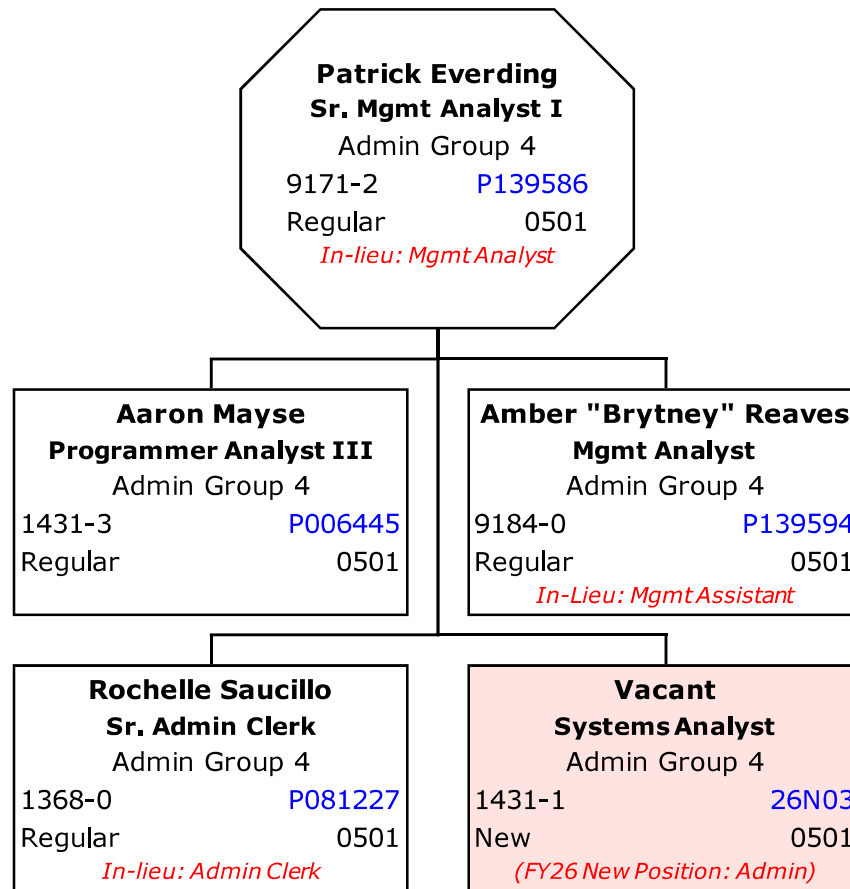
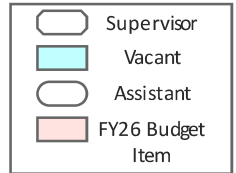
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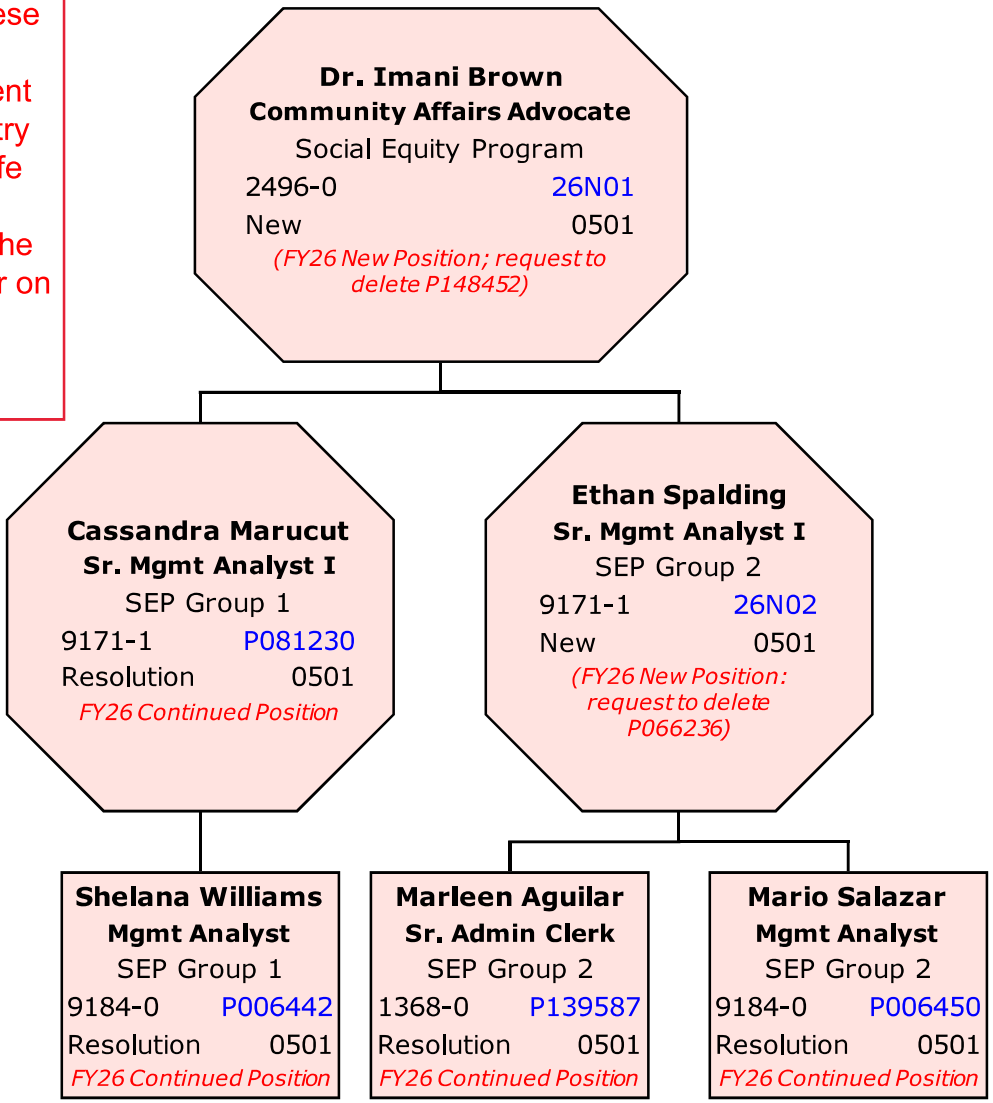
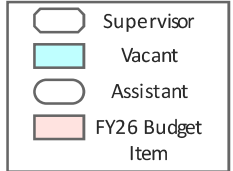


DEPARTMENT OF CANNABIS REGULATION  
FY 2025-26 Proposed Budget Organizational Chart



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**Social Equity Program** - Provides business, licensing, and compliance assistance services (BLC Program) to DCR applicants and licensees for commercial cannabis activities. These efforts are intended to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to help address the disproportionate impacts of the War on Drugs in those communities.  
**Personnel Costs = \$747,000**  
**Contracting Costs = \$0**



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