

ORDINANCE NO. 186919 _____

An ordinance amending Sections 104.03, 104.06.1, and 104.12 of Article 4 of Chapter X of the Los Angeles Municipal Code relating to renewal applications for commercial cannabis businesses.

**THE PEOPLE OF THE STATE OF CALIFORNIA
DO ORDAIN AS FOLLOWS:**

Section 1. Subsection (a) of Section 104.03, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) **Application – Pre-Application Review.** Prior to filing an application pursuant to Subsection (b), an Applicant shall 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 compliance of the Business Premises location pursuant to Subdivision 3. If the 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.

Sec. 2. Subdivision 4 of Subsection (a) of Section 104.03, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

4. 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 application pursuant to Subsection (a) and, instead, 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 with 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.

Sec. 3. Subsections (b) and (c) of Section 104.03, Article 4, Chapter X of the Los Angeles Municipal Code are amended to read as follows:

(b) **Application – Filing and Fees.** DCR shall consider the application filed following a determination of eligibility pursuant to Subsection (a) and the payment of the applicable Temporary Approval Application Fee for each Commercial Cannabis Activity pursuant to Section 104.19(a). The Temporary Approval Application Fee shall be due within 30 days from the date of invoice issuance. If the fees are not paid within the allotted time, the application shall be deemed abandoned. An Applicant shall submit all required information and documents pursuant to the Rules and Regulations. All Applicants are required to pay the Annual License Application Fee for each activity requested in the application pursuant to Section 104.19(a).

(c) **Application – Determination of Completeness.** DCR shall determine if the Application is complete as provided in the Rules and Regulations. A determination of completeness includes an Initial Inspection and environmental clearance as required by Section 104.06(e). The applicant shall pay the applicable environmental assessment fee pursuant to Section 104.19(c). DCR may request additional information and documents from the Applicant at any time during application processing, subject to payment of any fees under Section 104.19(h). If the Applicant fails to provide the additional information, documents or payment in the time allotted by DCR, the Application shall be deemed abandoned. An Annual License Application Fee for each Commercial Cannabis Activity pursuant to Section 104.19 shall be paid within 30 days of DCR's determination that the Application is complete. If the fees are not paid within the allotted time, the application shall be deemed abandoned. DCR will conduct a Final Inspection and, when applicable, schedule a community meeting pursuant to Section 104.04.

Sec. 4. Subdivision 3 of Subsection (e) of Section 104.03, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

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 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.

Sec. 5. A new Subsection (g) is added to Section 104.03 of Article 4, Chapter X of the Los Angeles Municipal Code to read as follows:

(g) **Payments.** Unless otherwise specified, all payments due under this Article may be considered timely paid if enclosed in a properly addressed envelope with sufficient postage, deposited in the mail, and postmarked by the payment deadline. Unless otherwise specified, payments may also be considered timely paid if an Applicant or Licensee schedules and confirms a payment appointment with the Office of Finance by the date of the payment deadline, notwithstanding that the payment appointment may occur after the date of the payment deadline.

Sec. 6. Subdivision 8 of Subsection (b) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

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

Sec. 7. Subdivision 1 of Subsection (c) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

1. **Applicant Eligibility Verification.** DCR shall establish a 60 calendar day eligibility verification period for individuals to apply to be verified under the revised eligibility criteria in Section 104.20(b). An Applicant shall pay the SEIA Eligibility Verification Fee pursuant to Section 104.19(a) within 30 days of being issued an invoice by DCR. DCR shall have at least 90 calendar days to

determine Social Equity Applicant eligibility which shall not run concurrently with the 60-calendar day eligibility verification period. DCR's determination of whether an individual is a Social Equity Individual Applicant shall be made with no hearing, is final and not appealable.

Sec. 8. Subdivision 7 of Subsection (c) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

7. **Application Fees.** An Applicant shall pay all required application fees pursuant to Section 104.19 within 30 days of being issued an invoice by DCR, or the application shall be deemed abandoned.

Sec. 9. Subdivision 6 of Subsection (d) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

6. 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.

Sec. 10. Subdivision 4 of Subsection (e) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

4. **Application Fees.** An Applicant shall pay all required application fees pursuant to Section 104.19 within 30 days of being issued an invoice by DCR, or its application shall be deemed abandoned.

Sec. 11. Subdivision 3 of Subsection (f) of Section 104.06.1, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

3. **Application Fees.** An Applicant shall pay all required application fees pursuant to Section 104.19 within 30 days of being issued an invoice by DCR, or its application shall be deemed abandoned.

Sec. 12. Subsection (a) of Section 104.12, Article 4, Chapter X of the Los Angeles Municipal Code is amended to read as follows:

(a) Every License, including Temporary Approvals, shall be renewed annually. If a License is not timely renewed, it shall expire after 11:59 p.m. on December 31 for the year issued. Applicants shall pay the applicable renewal fee pursuant to Section 104.19(b). To renew a License, a License renewal application shall be submitted and applicable renewal fee shall be paid by the Licensee no earlier than 120 calendar days before the expiration of the License, and no later than 60 calendar days before the expiration of the License. Failure to receive a notice for License renewal from DCR does not relieve a Licensee of the obligation to renew a License. In the event the License is not renewed prior to the expiration date, the Licensee shall

cease all Commercial Cannabis Activity until such time that the Licensee is issued a new License from DCR and a license from the State of California.

1. 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 November 3rd and December 31st before the expiration date of a License or Temporary Approval. Late renewal applications and/or late renewal fees submitted between November 3rd and December 31st shall be subject to the Expedited Services Fees (Time and a Half Rate), provided in Section 104.19(h), which shall be due by December 31st.

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.

3. **One-Time Extension Due to COVID-19.** Due to the COVID-19 pandemic and the Safer-at-Home Order entered on or around March 19, 2020, Licensees may submit a late 2020 and/or 2021 renewal application and/or make late renewal fee payments for 2020 and/or 2021 renewal applications on or before March 31, 2021. All renewal applications and/or renewal fees submitted pursuant to this one-time extension shall be subject to the Expedited Services Fees (Double Time Rate), provided in Section 104.19(h), which shall be due by March 31, 2021.


Sec. 13. **URGENCY CLAUSE.** The City finds and declares that this ordinance is required for the immediate protection of the public peace, health and safety for the following reasons: As documented by, among other City departments, the City Attorney and the Los Angeles Police Department, unauthorized cannabis activity in the City continues to proliferate, with the attendant crime and negative secondary impacts that pose a current and immediate threat to the public welfare. In addition, most unauthorized cannabis businesses cultivate, manufacture, and sell cannabis that has not been tested in accordance with State standards, which also creates a current and immediate threat to the public welfare. The Department of Cannabis Regulation plays a key role in reducing the threats posed by unauthorized cannabis activity by, in part, issuing licenses to cannabis businesses that require those businesses to operate under strict regulations that are primarily intended to protect the public welfare. Commercial cannabis businesses are defined as essential businesses under both local and State COVID-19 emergency declarations. The public health and economic crisis from the COVID-19 pandemic is impacting the entire world, including the State of California, the

County of Los Angeles, and the City of Los Angeles. This crisis has made it more difficult for commercial cannabis businesses to timely pay fees and maintain good standing with the Department in numerous ways. For example, COVID-19 distancing and safety protocols have reduced the number of available payment appointments at the Office of Finance. The failure to timely submit a renewal application and/or pay applicable fees prevents some of these essential businesses from lawfully operating. The closure of these essential businesses would have a negative impact on the public health and welfare by reducing access to safe and tested cannabis products from licensed locations, thereby driving consumers instead to unlicensed locations. Additionally, new 2021 Temporary Approval licenses cannot be issued until renewal applications are submitted and applicable fees are paid. If these businesses are unable to obtain 2021 Temporary Approval licenses, they will permanently lose the ability to lawfully operate and will be forced to close. Therefore, it is necessary to provide extensions of time related to 2020 and 2021 renewal applications, establish alternate methods of payment, and extend existing 10-day payment deadlines to maintain these essential businesses during the COVID-19 crisis and thereafter. For all of these reasons, this ordinance shall become effective upon publication pursuant to Section 253 of the Los Angeles City Charter.

Sec. 14. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
TAYLOR WAGNIERE
Deputy City Attorney

Date 2/3/21

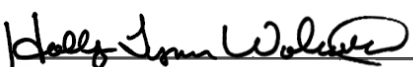
File No. 20-1586


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The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than three-fourths** of all its members.

CITY CLERK

MAYOR





Ordinance Passed 02/10/2021

Approved 02/18/2021

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