



MOTION IMMIGRANT AFFAIRS, CIVIL RIGHTS AND EQUITY

I MOVE that the matter of Motion (Harris Dawson-Price, de Leon-Ridley Thomas-Raman), introduced on September 29, 2021 (CF 21-1083), requesting the City Attorney to prepare and present an ordinance with an urgency clause, and instructions to the Department of Cannabis Regulation, relative to the implementation of cannabis licensing changes to increase speed and equity in the process, currently pending in various Committees, be **AMENDED to include the attached draft proposal – instructions referenced in the Motion but inadvertently omitted.**

PRESENTED BY: _____


MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY: _____



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A. Amend Sections 104.03 and 104.06 as necessary to provide that DCR shall process all new license applications pursuant to the following timelines and procedures.

(1) DCR shall issue an applicant a pre-application review fee invoice within 10 days of the applicant's submission of a pre-application.

(2) Within 30 days of submission of a pre-application, DCR shall determine whether the applicant's proposed business premises complies with Article 5 of Chapter X of the LAMC and notify the applicant in writing of DCR's determination. Upon receipt of written confirmation of land use compliance, the applicant shall be permitted to submit a state license application at its proposed business premises location under its intended business entity name and, upon request from the state, DCR shall confirm that the applicant's local application status is Local Compliance Underway.

(3) Upon DCR's determination that an applicant's business premises complies with Article 5 of Chapter X of the LAMC, DCR shall immediately allow the applicant to submit a Temporary Approval Application.

(4) Within 60 days of submission of a Temporary Approval application, DCR shall determine whether the applicant has submitted all required information and documents to obtain Temporary Approval. If DCR determines there are any deficiencies in the Temporary Approval application, it shall notify the applicant in writing of the specific documents and information required by DCR. DCR shall not impose any requirements for Temporary Approval that are not specifically listed in Section 104.06. Upon the applicant's submission of the additional information or documents, DCR shall complete its follow up review within 30 days.

(5) DCR shall schedule and conduct a Temporary Approval inspection within 45 days of a request from an applicant for such inspection.

(6) Within 15 days of an applicant passing its DCR inspection or DCR determining all Temporary Approval documents have been submitted, whichever occurs last, DCR shall issue the applicant Temporary Approval.

B. Amend Section 104.03(e) as necessary to establish the following specific application and license modification timelines and procedures.

(1) Relocation Requests:

(a) Within 15 days of submission of a relocation request, DCR shall issue the applicant/licensee an invoice.

- (b) Within 30 days of submission of a relocation request, DCR shall notify the applicant/licensee in writing whether the proposed business premises complies with Article 5 of Chapter X of the LAMC. Upon receipt of written confirmation of land use compliance, the applicant/licensee shall be permitted to submit a state license application at its proposed business premises location and, upon request from the state, DCR shall confirm that the applicant's/licensee's local application status is Local Compliance Underway.
- (c) Prior to being issued a Temporary Approval at the new location, the applicant/licensee shall submit to DCR (i) an executed rental agreement or property deed for the new location, (ii) a landowner acknowledgement that the applicant/licensee has the right to occupy the property for Commercial Cannabis Activity for which the applicant/licensee is seeking a license, (iii) a business premises diagram and site plan for the new location, and (iv) satisfy all other requirements for Temporary Approval specifically enumerated in Section 104.06. DCR shall not impose any requirements for Temporary Approval that are not specifically listed in Section 104.06. DCR shall review these documents within 30 days of submission by the applicant/licensee.
- (d) Within 30 days of a written inspection request from the applicant/licensee, DCR shall conduct a Temporary Approval inspection at the new premises. DCR shall issue Temporary Approval to the licensee at the new premises within 10 days of the applicant/licensee passing inspection or satisfying all other Temporary Approval requirements, whichever occurs last. Notwithstanding, an applicant/licensee with ongoing operations under Temporary Approval at another premises may elect to delay issuance of Temporary Approval at the new premises until the applicant/licensee requests cancellation of its Temporary Approval at its existing Business Premises.

(2) Business Premises modification:

- (a) An applicant/licensee shall not perform interior physical modifications, alterations, additions, or expansions of the Business Premises without written approval from the state licensing agencies that have issued licenses at the Business Premises, to the extent required under applicable state law. Prior approval from DCR shall not be required.
- (b) Within 14 days of approval from the state licensing agencies (to the extent required), the applicant/licensee shall file a revised premises diagram that is accompanied by written proof of approval (to the extent approval was required), such as an email confirmation, from the relevant state licensing agency.

(3) Ownership structure modifications:

- (a) Within 14 days of the effective date of any ownership structure change, the applicant/licensee shall request to file an ownership modification request with DCR. Once DCR enables the licensee or applicant to upload ownership modification documents to their licensing portal, the applicant or licensee shall submit to DCR a revised ownership disclosure form, ownership attestations, if applicable, and revised business organization documents, if any.
 - (b) Within 60 days of the submission of all required documents, DCR shall update its licensing records to reflect the new ownership structure.
 - (c) If DCR determines that the new ownership structure violates any provisions of Article 4 of Chapter X of the LAMC, upon notice from DCR, the applicant/licensee shall be permitted to further amend its ownership structure as necessary to correct any non-compliance.
 - (d) An applicant/licensee shall be permitted to continue to operate pending an ownership modification if at least one existing Owner remains as an Owner in any capacity that meets the definition of Owner under applicable state law.
- (4) Change of Business Entity on Application/License. DCR shall review and either approve or deny a request to change the business entity on an application, Temporary Approval, or license within 30 days of submission. DCR may require organizational documents and ownership disclosures for the new business entity; (ii) a new rental lease agreement and landowner authorization in the name of the new business entity; and (iii) indemnification of the City of Los Angeles for any claims arising from the change of entity. An applicant with Temporary Approval or licensee may continue operating under the old business entity until such time that the State of California issues a new state license or licenses to the applicant or licensee under the new business entity. If DCR approves the request, upon request from the state, DCR shall confirm that the applicant's/licensee's local application status is Local Compliance Underway.
- (5) Modification Request Documentation: For each type of modification included in section 104.03(e), DCR shall not require any information or documents from an applicant/licensee not specifically described or referenced in this motion. To the extent any provisions in section 104.03(e) as currently codified require additional documentation not specifically referenced herein, such provisions shall be amended to make them consistent with the document requirements of this motion.
- (6) Modification submission: A modification shall be deemed submitted and filed once an applicant/licensee has filed a modification request through DCR's licensing portal and a modification record number is generated. DCR shall not employ any other method of determining when a modification is deemed submitted and filed. DCR shall enable licensees to submit modification requests through its licensing software within 7 days of a licensee's request to file a modification. DCR shall not suspend submission of modification

requests except as necessary to perform maintenance on its licensing software, provided such suspension does not exceed 15 days and applicants and licensees are given notice of the suspension at least 15 days in advance.

- (7) **Modification Review:** If DCR determines there are any deficiencies in a modification request, DCR shall notify the applicant/licensee in writing of the deficiencies and instructions to cure the deficiency, and give no less than 60 days to upload to the existing modification record, revised, updated or additional modification documents and information. DCR shall not reject a modification request for any reason until it has given an applicant/licensee no less than 60 days to cure and the applicant fails to do so. DCR shall not deem a modification deficient if the applicant/licensee submitted documents in substantial conformity with the modification requirements published on DCR's website at the time of modification submission.
- (8) **Modification Eligibility Processing:** Any applicant with or without Temporary Approval or licensee shall be eligible to request any modification described in this section. DCR shall not adopt or employ any policy, practice or regulation that requires any applicant or licensee requesting a modification to (i) to submit a new pre-application or application through DCR's licensing portal; (ii) resubmit documents already in DCR's possession; or (iii) undergo any eligibility review DCR has already completed at an earlier point. Further, DCR shall not impose any deadlines on applicants without Temporary Approval to submit any modification requests allowed under this section. For the sake of clarity, on an ongoing basis, any applicant without Temporary Approval, shall remain eligible to request relocation, entity changes, and ownership modifications. Any deadline DCR previously established to submit modification requests is hereby rescinded and shall be of no force or effect.

C. Additional Amendments:

- (1) Amend Section 104.03 as necessary to provide that an applicant shall satisfy its obligation to provide a landowner authorization if it provides an authorization signed by the landowner or its authorized agent and that DCR shall not require any additional documentation, including without limitation any notarized forms or corporate or other business records of the landowner.
- (2) Amend Section 104.20 to add the following provisions related to social equity licenses and benefits:
 - a. Investors, and Non-Equity applicants who partner on an application with a Social Equity applicant must submit to DCR for review and approval a written, actionable "Equity Plan" describing how the Non-Equity applicant will encourage and support the establishment and growth of Equity Applicants who have been awarded Cannabis Business Permits, by, among other things, providing business plan guidance, operations consulting, personnel, or and technical assistance. The services listed in the Equity Plan

must be enumerated, and include an estimated dollar value of those services. The plan must specify the ownership model in compliance with Section 104.20 to read as follows

b. On or before March 1 of each year, the Non-Equity owner shall submit to the Director an annual report covering the prior calendar year, signed by both the Equity and Non-Equity Owners, describing the services provided by the Non-Equity owner and signing an affidavit confirming compliance with ownership interest requirements set forth in Section 104.20