DEPARTMENT OF
CANNABIS REGULATION
-
CANNABIS REGULATION COMMISSION

THRYERIS MASON
PRESIDENT

DAVID NASH
VICE-PRESIDENT

ADAM BIERMAN
ANTON FARMBY
OLIVIA MCGOVERN

JOSIE TREVIZO
COMMISSION EXECUTIVE ASSISTANT
(213) 978-0738

City of Los Angeles

CALIFORNIA

KAREN BASS
MAYOR

EXECUTIVE OFFICES
221 N. FIGUEROA STREET, SUITE 1245
LOS ANGELES, CA 90012
(213) 978-0738

MICHELLE GARAKIAN
EXECUTIVE DIRECTOR

JASON KILLEEN
ASSISTANT EXECUTIVE DIRECTOR

VACANT
ASSISTANT EXECUTIVE DIRECTOR

http://cannabis.lacity.org

December 15, 2025

COUNCIL FILE: 24-1584

The Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, California 90012

Dear Honorable Members:

PROPOSED AMENDMENTS TO ARTICLE 4, CHAPTER 10 OF THE LOS ANGELES MUNICIPAL CODE TO ESTABLISH A CANNABIS CONSUMPTION LOUNGE AND TEMPORARY EVENT LICENSING PROGRAM

Pursuant to Council File 24-1584 and a request from the Government Operations Committee, the Department of Cannabis Regulation (DCR) hereby submits this report and recommended amendments to Article 4, Chapter X of the Los Angeles Municipal Code (LAMC) to establish procedures for the administration of a Cannabis Consumption Lounge and Temporary Event licensing program.

BACKGROUND

On December 13, 2024, Councilmember Padilla introduced a motion instructing DCR to report back on the feasibility of implementing a cannabis consumption and temporary event licensing program in anticipation of the 2028 Olympics Games coming to the City of Los Angeles and the forecasted demand for consumption options alongside this global event. With the passage of AB 1775 (Haney), local jurisdictions may now authorize consumption licenses that allow for the sale of non-cannabis food and beverages to on-site patrons. This new law, which took effect on January 1, 2025, essentially enables local “cannabis cafes” akin to those found in Amsterdam. Given the expected influx of tourism in the coming years due to the Olympic Games and the existing availability of legal cannabis for purchase, it is in the best interest of the City to implement a policy for safe consumption.

DCR engaged in extensive stakeholder outreach and meetings with other jurisdictions who have implemented consumption and events to determine the most appropriate policy proposals for the City of Los Angeles. DCR identified the following jurisdictions with the most robust onsite consumption and event policies: West Hollywood, Port Hueneme, Denver, San Francisco, Sacramento, the States of Nevada and Massachusetts, and the Ministry of Health, Wellness and Sport which manages cannabis policy for the Netherlands. DCR also met with Embarc, a cannabis retail and event production company with locations outside of Los Angeles. A survey of comparable general regulatory structures is presented below with recommendations for best practices. DCR has identified approximately 20 jurisdictions in California that permit consumption lounges or temporary events.

Overall, jurisdictions and stakeholders spoke favorably about making onsite cannabis consumption and event licenses available. Jurisdictions reported increased tax revenue as a means of off-setting the market wide downturn in cannabis. They also reported a favorable impact on public safety, noting specifically that these locations discourage consumption in public and as a result of enhanced security measures, a decrease in public safety incidents. The Los Angeles County Sheriff's Department, which provides public safety for the City of West Hollywood, relayed there was no significant crime data in relation to cannabis, including break-ins and DUI's issued.

ONSITE CONSUMPTION POLICIES

Approaches to onsite consumption licenses have varied widely in the jurisdictions that have enabled it. However, meetings with each jurisdiction resulted in two notable recommendations for onsite consumption: (1) allow existing cannabis retailers to add on an onsite consumption license; and (2) create separate Operating Permits for the onsite consumption license based on the type of consumption allowed onsite.

The City of Port Hueneme added onsite consumption to its licensed cannabis retail program in 2022. Prior to the enactment, Port Hueneme focused exclusively on retail, with dispensaries clustered in a small section of the city known as the "Green Mile." In speaking with the Port Hueneme Police Department and the city's Community and Economic Development Director, they highlighted two major benefits: reduced crime and additional revenue. Onsite consumption businesses are required by law to operate as "members-only" establishments, making it easier to monitor patrons and identify the source of any incidents. They are also required to be located "within" or "immediately adjacent" to an existing retail dispensary. (Port Hueneme Municipal Code Article 3, Chapter 12 § 3987.1(A)(3).)

The City of West Hollywood enacted their onsite consumption license in 2017. To date, 16 of the 16 total consumption licenses authorized for the city have been issued. In West Hollywood, consumption may only occur on the premises of an adult or medical use retail business. (West Hollywood Municipal Code (WHMC) Title 5, Article 2 § 5.70.041(m)(4).) Onsite consumption requirements are divided into two categories: consumption by smoking, vaping, and ingestion; or, consumption by ingestion only. While both types require odor mitigation through a ventilation and exhaust system, the areas with smoking have further restrictions. (WHMC Title 5, Article 2 § 5.70.041(k) &(l).)

Denver divides its consumption into two different license types: retail and consumption together, called a "retail hospitality license," and a general "hospitality license" where no sales may occur. (Denver Code of Ordinances (DCO) Chapter 6, Article 5 § 6-217 and 6-218.) A "hospitality license" is further divided into on-premises consumption or mobile consumption. Patrons may not purchase cannabis at a premises with a hospitality license but they may bring their own product to consume. (DCO Chapter 6, Article 5 § 6-217(b)(2).) Denver does not allow the sale of alcohol or tobacco at any consumption site. Denver also requires an odor mitigation plan for any indoor smoking.

Similarly, the State of Nevada offers both consumption only and retail/onsite consumption licenses. (Nevada Revised Statutes (NRS) Title 56 § 678A.) For retail and consumption lounges, the consumption portion of the business must be "attached or immediately adjacent" to the retail premises. (NRS Title 56 § 678B.322(b).) Nevada has further capped the total number of licenses to no more than 20, and has reserved 10 of those for Social Equity Applicants. (NRS Title 57 § 678B.326.)

California State law currently allows a local jurisdiction to permit "[s]moking, vaporizing, and ingesting of cannabis or cannabis products on the premises of a retailer or microbusiness" so long as the site in question possesses both a State and local license. It also permits a local jurisdiction to allow cannabis consumption along with non-cannabis food and beverage preparation and sale as well as live music or other performances. (Cal. Bus. & Prof. § 26200(g)(1).) California law further stipulates that these activities may only occur if the following conditions are met: (a) access to the consumption area is restricted to those 21 and over; (b) cannabis consumption is not visible from any public place or non-age restricted area; and (c) sale or consumption of alcohol or tobacco is not allowed on the premises. (Cal. Bus. & Prof. § 26200(g)(2).) It also includes further restrictions pertaining to food contamination and procedures for protecting employees from secondhand smoke. (Id.) These code sections set the starting point for onsite cannabis consumption.

Recommendations

DCR recommends launching an onsite consumption licensing pilot program available until 2030. Onsite consumption would be added as an additional license type available only to existing Storefront Retail license holders with a Storefront Emblem Placard issued by the County Department of Public Health under LAMC section 104.23. Based on the experiences of the aforementioned jurisdictions and the requirements under State law, opening this license type for existing retailers has the highest likelihood of success. Most licensed retailers have already begun operating and are familiar with the logistics of running a cannabis business that serves customers onsite. They understand compliance requirements, and already have the necessary distribution and product infrastructure necessary to begin operations without significant new investment. Additionally, licensees with a County-issued Emblem Placard have met the County's requirements for public health, thereby ensuring the premises are safe for consumers and employees.

Additionally, DCR recommends limiting the operation of a consumption license type as an attachment to an existing retail storefront business premises or to an "immediately adjacent" parcel. DCR recommends using the definition employed by the State of Nevada defining "immediately adjacent" as "having a common border with another property, including the intersection of property lines at property corners, with no street, building, or other property between." (Nevada Cannabis Control Board Regulation 15.) Adopting this approach will eliminate the need for individual land use review for proposed lounge areas, relegating them to previously approved locations that have been subject to community input. It will also eliminate the need for aspiring licensees to incur significant real estate expenses prior to receiving a license.

DCR further recommends dividing consumption into two different kinds of onsite consumption operating permits: one for ingestible-only and another for ingestible and inhalation. As was noted by the State of Massachusetts, indoor inhalation activities require significant investment in odor mitigation measures. Installing new HVAC systems, air pumps, and retrofitting commercial spaces is both costly and time consuming. Enabling entrepreneurs in older buildings to begin with ingestible-only consumption could lower barriers to entry and bring in new revenue streams without incurring an additional expense. These same entrepreneurs may choose to open up additional consumption activities down the line, once they have achieved a certain revenue target and are able to make the necessary improvements. DCR will specify the odor mitigation requirements in its Rules and Regulations for each type of consumption.

EVENTS POLICIES

The City of Los Angeles is currently home to many cannabis events, and unfortunately, none of those events are currently licensed by the City. It is imperative that the City establish a temporary events license in order to increase public safety and capture lost tax revenue. The varying approaches to event licensing are discussed below with recommendations for the implementation of cannabis event permitting in the City of Los Angeles.

The City of West Hollywood requires four licenses as part of its temporary event permit program: (1) a California state event organizer license; (2) a California state temporary event license; (3) a West Hollywood temporary cannabis event license; and (4) a West Hollywood Special event permit. (WHMC Title 5, Article 2 § 5.70.045 (a)-(c).) Events may only occur at privately owned venues with express approval from the City Manager or on closed streets in accordance with applicable closure laws. (WHMC Title 5, Article 2 § 5.70.045(f).) The temporary cannabis event license may only be issued for up to three days. (WHMC Title 5, Article 2 § 5.70.045(h).) Additional special event requirements are also imposed to address land use and nuisance concerns. (WHMC Title 5, Article 2 § 5.106.)

Other jurisdictions in California have limited their cannabis event licenses exclusively to a single city-owned or partnered venue. For example, the City of San Bernardino only permits cannabis events at the National Orange Show event center, the City of Monterey permits cannabis events at the Monterey County Fairgrounds, and the City of Sacramento permits cannabis events at Cal Expo. The City of Sacramento's experience with authorizing a cannabis consumption at the California State Fair in 2024 is particularly illustrative. The 17-day event was made possible through the issuance of consecutive 4-day event licenses. Embarc, the coordinator of the experience, reported that there were no public safety concerns and only one report of possible overconsumption over the course of 17 days, mostly likely due to overheating and not cannabis. Embarc noted that this reflected their experience at other events; for example, in the City of Santa Rosa where local law enforcement reportedly prefer cannabis events to those with alcohol due to their minimal strain on law enforcement staff. The size of the California State Fair is most comparable to the size of the future events likely to be held around the City of Los Angeles during events such as the Super Bowl, World Cup, and the Olympics.

The City of San Francisco has a temporary events pilot program available until 2027. Under this program, smoking prohibitions typically applied to regular special events in the city are temporarily waived for a cannabis event. An Applicant must apply with the San Francisco Office of Cannabis as well as any other city departments who require applications and permits for special events. (San Francisco Police Code (SFPC) § 1621.5(a).) The Director of the Office of Cannabis (OOC) will coordinate with other city agencies to approve the cannabis event permit. An Applicant must submit an equity plan as part of its Application and only licensed retailers may sell cannabis goods on-site at the event. Finally, the issuance of the cannabis event permit is limited to the following types of events: (1) events previously held on a regular basis; (2) events in prior years having received a city-issued permit; and (3) events in prior years having significant unregulated cannabis sales or consumption, which by the OOC's determination could be reduced or eliminated by issuing a cannabis event permit. (SFPC § 1621.5(k)).

Finally, California State law requires a cannabis event organizer license and a state temporary event license. (Cal. Bus. & Prof. §§ 26050(a) and 26200(e).) The State will only issue a temporary event license for a jurisdiction that allows cannabis events to occur. California law further restricts these temporary events to persons 21 and older, restricts sales of cannabis goods to California licensed retailers, and prohibits the sale and consumption of alcohol. (Cal. Bus. & Prof. § 26200(e)(1)-(8).) State regulations only permit the issuance of a temporary event license for up to four days. (Cal. Code Regs. tit. 4, § 15601(a)). State regulations also require that event organizers hire security personnel to provide security services while any sale or consumption of cannabis occurs. (Id. at §15601(h).)

In the City of LA, there are already existing procedures for individuals wishing to obtain general Temporary Special Event permits from the Department of Building and Safety (DBS). The process requires individuals to first get approval from other City departments, as needed, before submitting an event application to DBS. This includes a safety plan showing the layout of the event approved by the Fire Department and a permit from the Police Department for dances, carnivals, live music, or alcohol use. Applicants will have to provide the name and telephone number of the individuals they were in contact with on the permit application. Certain events may entail zoning and land use conditions that may also require approval by City Planning. Applicants will have to provide responses to a questionnaire to determine whether or not their proposed event requires clearance by City Planning.

Once all other necessary approvals are obtained, permit applications must be filed online via the DBS website for Express Permits. This includes a $137.80 application fee that must be filed and paid at least two business days prior to the event. When filed, applicants can also request a date and time for their inspection, which will determine whether a permit is issued.

Recommendations

There are many cannabis events occurring across the State outside of the regulated market. It would be prudent for the City of Los Angeles to recognize this and create a legal pathway for these events to occur legally within city boundaries. This would lead to improvements in the safety of these events and generate additional revenue for the City and its cannabis licensees. The jurisdictional review above highlights the varying approaches to resolving tension between existing events and special needs of cannabis events. Relegating to a single venue is an easy pilot approach but likely economically unfeasible for smaller event organizers. The duplication of permits across various departments is likely too high of a barrier to entry for most event organizers. This degree of interagency coordination is inefficient and likely unnecessary given the structure already in place in the City of Los Angeles under LAMC Sections 41.20 and 41.20.1. Furthermore, State requirements already address concerns likely to arise locally such as the restriction of the event to those 21 and over and the presence of security personnel.

In an effort to preserve resources and open up additional revenue streams, DCR proposes maintaining the existing general requirements for special events in the City without requiring an additional cannabis event permit. Instead, as event organizers procure their locally required approvals as dictated by Sections 41.20 and 41.20.1 of the LAMC, the City department with authority over the special event (Los Angeles Police Department, Director of Bureau of Street Services, etc.) shall coordinate with DCR to confirm whether or not the Applicants have procured the required State cannabis permits and if cannabis sales are to occur, whether or not those sales are conducted by a licensed retailer. DCR further recommends requiring that the event organizer submit an Event Equity Plan akin to the policy in San Francisco. An Event Equity Plan should detail how the event organizers will support the City of Los Angeles's Equity goals through one or more of the following: a portion of equity products sold must be Social Equity manufactured products, a portion of participants must be local equity operators, and/or provide training to local equity applicants via employment opportunities at the event.

LAMC Section 21.03 requires any retailer, cannabis or otherwise, to obtain a Business Tax Registration Certificate (BTRC) before engaging in any sales. If a licensed retailer from a jurisdiction outside of the City wants to sell at an event, they have to register with the Office of Finance in order to remit their taxes from the sales of the event. This will ensure that the City does not lose revenue from outside participants. It also offers greater opportunities for local retailers who already have the requisite authorizations.

For any questions on this matter, please reach out to me at Michelle.Garakian@lacity.org.

Sincerely,

MICHELLE GARAKIAN
Executive Director