

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to a potential regulatory framework for the issuance of temporary cannabis event licenses and cannabis consumption lounge licenses as authorized under AB 1775 (Haney).

Recommendations for Council action, pursuant to Motion (Padilla – Hernandez):

1. INSTRUCT the Department of Cannabis Regulation (DCR), with the assistance of the City Attorney's Office, Department of Building and Safety (DBS), Department of City Planning, and any other relevant departments, to report on a potential regulatory framework for the issuance of temporary cannabis event licenses and cannabis consumption lounge licenses as authorized under AB 1775 (Haney), including the feasibility of prioritizing these new license types for existing licensed cannabis retailers, and whether a portion of the products that are sold at temporary cannabis events and consumption lounges can be reserved for products from cannabis businesses that are registered as participants of the City's Social Equity Program.
2. INSTRUCT the DCR, with the assistance of the DBS and Los Angeles Police Department, to report on best practices surrounding temporary cannabis events and consumption lounges, including practices that could best mitigate public health and safety concerns, from other jurisdictions that currently allow for temporary cannabis events and consumption lounges.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On January 21, 2025, your Committee considered a Motion (Padilla – Hernandez) relative to a potential regulatory framework for the issuance of temporary cannabis event licenses and cannabis consumption lounge licenses as authorized under AB 1775 (Haney). According to the Motion, legalization and regulation of cannabis has generated over \$570 million dollars in tax revenue in the City since 2018. Licensed cannabis businesses have the potential to create thousands of jobs in the years to come.

On September 30, 2024, Governor Newsom signed AB 1775 (Haney) which provides local jurisdictions the authority to license and regulate "cannabis cafes," and permit the sale of non-cannabis food and drinks to patrons consuming cannabis on-site. Additionally, AB 1775 would also allow for the sale of tickets for live musical or other performances on the premises of a licensed retailer. If the City offers licenses for new commercial cannabis activities, such as temporary event licenses and consumption lounge licenses, the City could potentially capture additional unrealized tax revenue. Pursuant to California Proposition 64, local jurisdictions may allow for the smoking,

vaporizing, and ingesting of cannabis on the premises of a licensed cannabis retailer or microbusiness under certain conditions, granting cities and counties the authority to establish settings like consumption lounges or areas where cannabis use can occur socially.

In the coming years, Los Angeles will host both the 2026 World Cup and 2028 Olympic and Paralympic Games. These events will create extraordinary tourist and economic activity, and present a meaningful opportunity to promote economic growth across Los Angeles, especially among small and social equity-owned cannabis businesses. The City should consider issuing temporary cannabis event and consumption lounge licenses to existing City retailers in advance of the World Cup and Olympics to ensure that Los Angeles and its cannabis licensees fully benefit from hosting these premier events. Temporary cannabis events are single or multi-day events where individuals may sell and consume cannabis onsite, often in association with another event such as a concert or festival. The consumption lounge license type would allow businesses to operate designated spaces where individuals can consume cannabis products in a social setting, akin to bars or cafes. Numerous other California jurisdictions, including West Hollywood, license both temporary cannabis events and consumption lounges. In these jurisdictions, these license types present enormous financial opportunities for new and existing cannabis licensees. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA: YES
LEE: YES
JURADO: YES

ARL
1/21/25

-NOT OFFICIAL UNTIL COUNCIL ACTS-