

MOTION

In (2017) the voters of Los Angeles instructed the City of Los Angeles to create a legal pathway for consumers to use the cannabis plant for both medical and recreational use.

Since then, the City of Los Angeles created the Department of Cannabis Regulation, Cannabis Regulation Commission, and a Social Equity Program. To date, the moving parts related to creating a functioning legal venue have not coalesced for a streamlined process that facilitates a legal market that, in time, would eliminate the illicit market.

Consequently, the legal cannabis industry in the City of Los Angeles has experienced significant challenges. Many licensed businesses are struggling financially due to high tax burdens, regulatory fees, and a lack of enforcement against unlicensed operators. These issues undermine the regulated market and enable the continued growth of the illicit market.

Because of the limited regions where the City has allowed for these businesses to open, land-use scarcity led to commercial property owners often price gouge lease rates to cannabis businesses knowing that their options are limited.

Additionally, the Office of Finance has indicated that there are over 400 cannabis licensed businesses that owe the City anywhere between \$10,000 to \$ 1,000,000 in taxes, with a majority of their tax burden having been carried over from previous years. This number does not include another 300 cannabis businesses that each owe over \$1,000,000.

Furthermore, the City Council, and the Department of Cannabis Regulation, almost 10 years later, need to take a pause to consider what should be done to enhance what has worked and adjust where lessons have been learned. In order to do so, the department should focus on addressing existing issues with the current licensees before conducting another lottery.

I THEREFORE MOVE that the City Attorney be requested to prepare an amendment to the Los Angeles Municipal Code Chapter X, Article 4 to pause the Department of Cannabis Regulation from conducting any Phase 3 Round 3 retail license lottery in 2025;

PRESENTED BY: Imelda Padilla
IMELDA PADILLA
Councilmember, 6th District

SECONDED BY: [Signature]

ORIGINAL

MAY 30 2025 [Signature]