

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to creating process for implementing licenses for Cultivation and Delivery to the public.

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

1. INSTRUCT the Department of Cannabis Regulation (DCR) to report on a process for implementing licenses for Cultivation and Delivery to the public.
2. REQUEST the City Attorney to prepare and present an Ordinance that outlines the process that has been proposed by the DCR.

Fiscal Impact Statement: Neither the City Administrative Officer or the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On March 27, 2026, your Committee considered a Motion (Padilla – Price) relative to creating process for implementing licenses for Cultivation and Delivery to the public. According to the MFC, in 2017, the voters of Los Angeles directed the City of Los Angeles to establish a legal pathway for commercial cannabis activity for both medical and adult use. Since then, the City created the DCR, the Cannabis Regulation Commission, and a Social Equity Program. Now, the City's Cannabis Ordinance requires modernization. Key provisions related to delivery have not been comprehensively updated since adoption in 2017, and cultivation provisions were last updated in 2018. Since then, the State of California has modified cannabis license classifications and regulatory structures, contributing to misalignment between local and state frameworks.

In 2025, Council extended licensing exclusivity for Retail Type 10 licenses but not Cultivation or Delivery-since January 1, 2026 these two license types, Cultivation and Delivery, have been open to the general public. Updating the LAMC to reflect current conditions-and designing a thoughtful, well-sequenced process for issuing Delivery and Cultivation licenses-is necessary to ensure the City's regulatory system is clear, enforceable, and aligned with today's marketplace. Expanding and modernizing licensing opportunities-particularly for delivery and cultivation-also presents a meaningful opportunity to increase legal market participation and generate new tax revenue for the City.

Delivery is increasingly a preferred method for consumers to purchase cannabis products. According to industry data from Headset, approximately 25% of all cannabis sales now occur online, underscoring the growing importance of delivery and digital purchasing channels. Ensuring the City's local framework reflects current consumer behavior can help legal operators meet demand while supporting compliance and enforcement goals, and the capture of taxable sales that might otherwise flow to the illicit market. For

cultivation, Los Angeles has a significant opportunity to support additional licensed activity and encourage well-resourced, compliant operations to invest in the City--expanding the legal supply chain, strengthening regulatory oversight, and increasing potential City cannabis tax receipts. The City has not opened an application window for general applicants for Cultivation and Delivery licenses and currently implements a Social Equity Applicant-only licensing framework for these activities. 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

3/27/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-