

Proposed Cannabis Business Permit Program

County of Los Angeles



LOS ANGELES COUNTY
CONSUMER &
BUSINESS AFFAIRS



Community Information Meetings | July 2024



Agenda

- Background on State and local legal framework for commercial cannabis
- Overview of Proposed Cannabis Permit Program for Unincorporated LA County
- Proposed Zoning Regulations
- Permit Application Requirements
- Compliance & Enforcement
- Q&A

About Us



The Office of Cannabis Management (OCM) has been serving Los Angeles County and its residents since 2017 by leading the transition of cannabis to a regulated market with equitable policies that seek to promote the health, safety, and well-being of our communities.

Purpose of this Community Meeting



Provide background
on the regulatory
framework governing
the legal industry



Share information
about the County's
proposed Commercial
Cannabis Business
Permit Program



**Describe the
proposed Operating
Zoning Requirements**
for the County's
cannabis business
regulation program



**Listen to community
feedback** to refine the
proposed regulations



Proposed Program Objectives

- Ensure health and safety of cannabis consumers
- Promote well-being of communities
- Support a regulated local industry



Benefits of a Regulated Market

- **Public Health:** Controlled access to tested and labeled products
- **Economic Development:** Cannabis tax revenue, jobs, local business, social equity
- **Enforcement:** Reduction in illegal cannabis businesses

Overview of State Regulatory Framework

How Is
Commercial
Cannabis
Regulated?

Cannabis Law in California

California's
Medical
Regulations
(MCRSA)



Prop. 64
(AUMA)



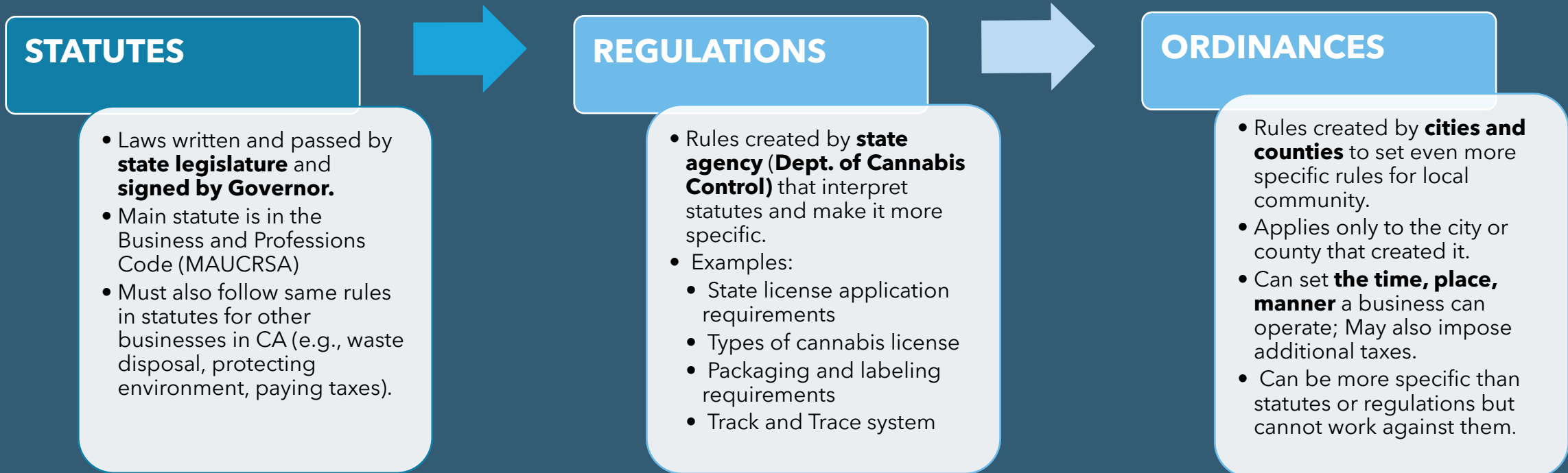
One Regulatory
Framework
(MAUCRSA)

- **Medical Cannabis Regulation and Safety Act ("MCRSA") - 2015**
 - Established California's first state regulatory framework for commercial cannabis for the medical cannabis industry.
- **Proposition 64 (Adult Use and Marijuana Act - "AUMA") - 2016**
 - Enacted by voter initiative Prop. 64 legalized the cultivation, possession and use for nonmedical purposes (Adult/recreational cannabis).
 - Adults (21+) can possess up to one (1) ounce of dried cannabis and up to eight (8) grams of concentrated cannabis, and may cultivate up to six (6) mature plants.
 - Established state regulatory framework for nonmedical commercial cannabis industry.
 - Created a dual licensing structure for adult-use cannabis businesses.
- **Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA")-2017**
 - Repealed MCRSA and reconciled the standards for medical and adult-use cannabis activity under a single law (MCRSA+AUMA = MAUCRSA).
 - Sets up a basic framework for licensing, oversight and enforcement related to cannabis businesses.

Commercial Cannabis is Strictly Regulated in California

Statutes, regulations, and ordinances work together to set rules for businesses and consumers to make sure:

- Businesses operate safely
- Products are contaminant-free and labeled to inform purchasers
- Cannabis is kept away from children (age verification, packaging)



Local Control is Central to California Commercial Cannabis Law

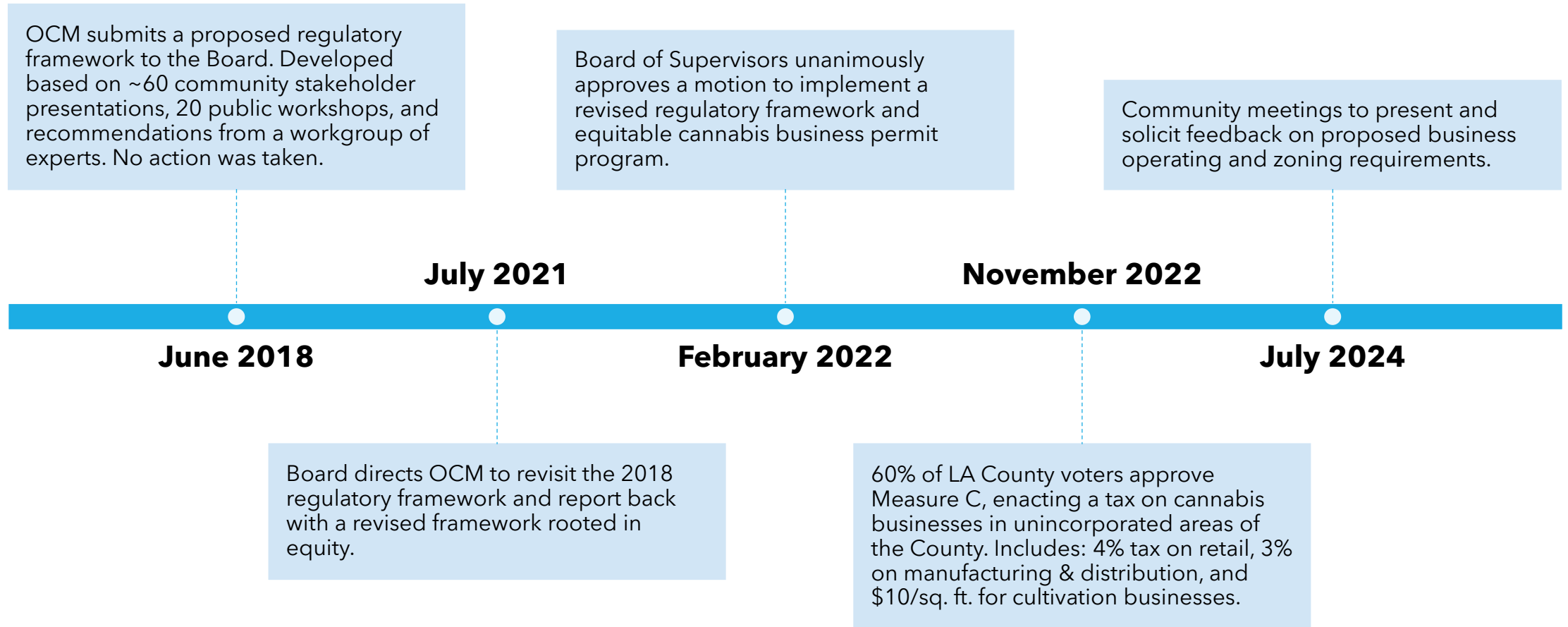
- Dual licensing structure for adult-use cannabis businesses allows local governments to create their own cannabis regulations and taxes in addition to those established by the state.
- Each city or county can decide whether to license cannabis businesses in their area. They can:
 - License all cannabis businesses
 - License some types and prohibit others
 - Prohibit all cannabis businesses
- A city may have different ordinances than its county; while county rules only apply to unincorporated parts of the county.



Commercial Cannabis in Unincorporated LA County

How Did We
Get Here?

Background



Overview of February '22 Board Approved Motion

- **90 total permits** regulating six (6) unique business activities:
 - 25 retail storefront
 - 25 delivery only
 - 10 cultivation; 10 manufacturing; 10 distribution; 10 testing
 - Microbusiness allowed (no cap)
- Retail & Delivery will be allowed in certain Commercial and Manufacturing Zones
- **600 ft. buffer** from schools (K-12), daycares, public parks, and public libraries
- Phased implementation of business activities
- Develop a program rooted in an equity framework that addresses gaps in educational, technical, and financial resources, and administrative and infrastructure barriers that create inequitable outcomes.



Overview of Proposed County Program

What
Requirements
Will Be In Place
For Businesses
to Operate?

Local Codes & Policies Regulating Commercial Cannabis Businesses

Existing Codes & Policies

- **Title 4 - Revenue and Finance:** Imposes a Cannabis Business Tax upon each person engaged in Business as a Cannabis Business in the unincorporated areas of the County (Measure C).
- **Title 8 - Consumer Protection, Business and Wage Regulations & Title 11 - Health and Safety :** Establishes operational & general requirements and a fee system for cannabis facilities seeking a Public Health Permit (PHP).
- **Title 22 - Planning and Zoning Division 7 - Standards for Specific Uses:** Prohibits all cannabis businesses or activities in all zones within unincorporated
- **Fire Department Regulation #30 - Cannabis Cultivation/ Production for Businesses:** Establishes requirements to obtain permits to operate machinery commonly used in cannabis cultivation and manufacturing.

Proposed Ordinance Amendments

- **Title 8 - Consumer Protection, Business and Wage Regulations:** Will establish permitting requirements and procedures for commercial cannabis businesses, including the Social Equity Program, operating requirements, violations, and penalties.
- **Title 22 - Planning and Zoning Division 7 - Standards for Specific Uses:** Will establish land use and permitting requirements for allowed cannabis businesses

Consumer Health & Safety Measures

- Cannabis Advertising Prohibited:
 - On any **interstate or state highway** crossing the California border;
 - Within an **unincorporated Residential or Agricultural zone**; or
 - **Within 1,000 feet of any Youth-Oriented Use** (k-12 school, public library, public park, public recreational facility, or child day care center).
 - On **delivery vehicles**
 - **Exception:** Advertisements located entirely on the Premises of a permitted Commercial Cannabis Business.
- Cannabis will **not be visible from outside the store**
- Only **five (5) Retail & five (5) Delivery businesses allowed** per Supervisorial District

Consumer Health & Safety Measures

- **Odor Management:** Facilities must have an Odor Management Plan to prevent detectable odors outside the facility.
- **Waste Management:** Facilities must have a Waste Management Plan, hold waste in quarantine for inspection, and properly dispose of cannabis waste.
- **Track and Trace:** Use of the state-mandated track and trace system for all cannabis products to record the inventory and movement of cannabis and cannabis products from seed to sale.
- **Recall Procedures:** Facilities must have a recall procedure for misbranded or adulterated products and follow stringent protocols for recall and disposal.
- **Packaging Requirements:** Cannabis products must have tamper-evident, child-resistant packaging and must not look like children's products.
- **Labeling Requirements:** Labels must be clear, in English, and include the product's identity, weight, THC/CBD content, manufacturer's details, and health warnings. They must not be attractive to children or make misleading health claims.

Security Measures

- **Limited Access Areas:** Only authorized personnel and escorted visitors are allowed entry in limited access areas.
- **Age Verification:** All visitors must undergo electronic age verification upon entry, and point of sale, with access restricted to individuals 21 years or older unless they are qualified patients or primary caregivers .
- **Video Surveillance:** 24/7 high-definition video surveillance system inside and outside business premises. Recordings kept for at least 90 days.
- **Locks & Alarm System:** Use commercial-grade locks for all Limited-Access Areas and entry/exit points. Permittees must also maintain a licensed alarm system and report crimes within 48 hours.
- **Security Guards:** Employ at least one (1) licensed onsite guard during retail operating hours.
- **Lighting:** Use shielded, downward facing security lighting.
- **Signage:** Display specific signs based on their authorization (adult-use, medical, or both), prohibiting entry for those under 21 unless qualified, and indicating prohibitions on consuming cannabis and loitering on premises. Health-warning signs must be prominently displayed behind the dispensing counter, and all required permits must be visibly posted.

Good Neighbor Policy



Community Meetings:

Applicants must host a community meeting before receiving or renewing a permit.

Notice of the meeting must be given to businesses and residents within at least 500 feet, with a minimum 10-day notice period.

Translation services should be provided as needed.



Community Liaison:

Businesses must have a community liaison available 24/7 to address community concerns.

Liaison contact information must be submitted to OCM and posted at the business premises.

The liaison must attend the community meeting.

Corporate Social Responsibility

- Applicants must meet at least one (1) Corporate Social Responsibility (CSR) commitment in each of three (3) mandatory categories as part of the permitting process.
- **Mandatory CSR Categories:**
 - 1. Community** (e.g., Business's direct volunteering and donations to their local community)
 - 2. Social Equity** (e.g., Support of other social equity cannabis businesses.)
 - 3. Labor/Employee Relations** (e.g., Practices towards hiring, promoting, and compensating its workers.)
- Applicants' CSR selection should be informed by the public comments provided during their Good Neighbor Policy community meeting.
- All CSR selections are permanent and run with the permit.
- Satisfaction of CSR commitments is a condition of annual permit renewal.

Local and Targeted Hiring Mandate

- All cannabis businesses must meet a local and targeted hiring mandate:
 1. 20% of all work hours must be performed by **Local Workers**; and,
 2. 20% of all work hours must be performed by **Targeted Workers**
- Satisfaction of the hiring mandates is a condition of annual permit renewal.
- Businesses can commit to at least 40% as part of their Corporate Social Responsibility (CSR) plan.

Prohibited Business Activities

No smoking or other consumption of cannabis within 20 feet of the business premises

No sales of tobacco, alcohol, or food

No loitering

No sales occurring between 10:00 p.m. and 8:00 a.m.

No on-site physician for medical cannabis recommendations

No sales to persons under 21 (except with a medical card)

No sales allowed until receipt of all state and local approvals

No change in name, location, or ownership without OCM approval

Proposed Zoning Regulations

Where Will A
Business Be
Allowed to Be
Located?

Existing Zoning Regulations for Cannabis

- Title 22 is the County's Zoning Code
- Title 22 currently prohibits all cannabis businesses and activities
- Title 22 regulates signs, lighting, noise, and land use permitting requirements
- **There are currently no legal cannabis businesses** in the unincorporated area

Key Priorities for Cannabis Zoning Regulations

- Establish land use and permitting requirements for allowed cannabis businesses
- Create **ministerial permitting** that only allows for businesses that fully comply with County Code and State law. Non-compliant businesses could not be permitted
- Protect communities from potential adverse effects and nuisances

Allowable Businesses Activities

- Allowed cannabis business types per State licensing program:

Retail

Allows a business to sell cannabis to adults inside a store.



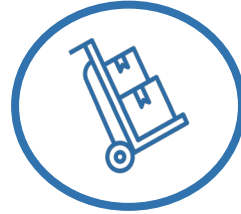
Delivery

Allows a business to sell cannabis to adults and deliver it to them.



Distribution

Allows a business to move large amounts of cannabis for other businesses.



Testing Laboratories

Allows a business to test the quality and purity of cannabis products.



Manufacturing

Allows a business to package, label, infuse, and extract cannabis products.



Cultivation

Allows a business to grow large amounts of cannabis to sell to other businesses.



- Microbusiness
 - Up to three (3) cannabis activities, excluding testing and storefront retail
- No cannabis events and consumption lounges allowed

Proposed Zoning Regulations for Cannabis Businesses

Cannabis business only permitted in **commercial** and **industrial/institutional** zones

- Mixed use zones allowed only if site is all commercial/no residential

Allowed Cannabis Business Types in Commercial Zones

	Neighborhood Commercial (C-2)	General Commercial (C-3)	Commercial Manufacturing (C-M)	Mixed Use (MXD) - Commercial Only
Cultivation	-	-	-	-
Distribution	-	-	Yes	-
Volatile Manufacturing	-	-	-	-
Non-Volatile Manufacturing	-	Yes	Yes	-
Testing	-	Yes	Yes	-
Retail, Storefront	Yes	Yes	Yes	Yes
Retail, Non-Storefront (delivery)	Yes	Yes	Yes	Yes
Microbusiness	-	-	Yes	-

Allowed Cannabis Business Types in Industrial/Institutional Zones

	Light Manufacturing (M-1)	Restricted Heavy Manufacturing (M-1.5)	Heavy Manufacturing (M-2)	Institutional (IT)
Cultivation	Yes	Yes	Yes	-
Distribution	Yes	Yes	Yes	-
Volatile Manufacturing	Yes	Yes	Yes	-
Non-Volatile Manufacturing	Yes	Yes	Yes	-
Testing	Yes	Yes	Yes	Yes
Retail, Storefront	Yes	-	-	-
Retail, Non-Storefront (delivery)	Yes	Yes	Yes	-
Microbusiness	Yes	Yes	Yes	-

Proposed Zoning Regulations in Specific Plan Areas

- Cannabis businesses permitted in **equivalent commercial and industrial/institutional zones** in these Specific Plans:
 - East LA 3rd Street Specific Plan
 - Connect Southwest LA TOD Specific Plan
 - Florence-Firestone TOD Specific Plan
 - Marina Del Rey Specific Plan
 - Newhall Ranch Specific Plan
 - West Carson TOD Specific Plan
 - Willowbrook TOD Specific Plan
 - Northlake Specific Plan
- For example, Northlake Specific Plan, Community Commercial (C-C) zones are equivalent to Neighborhood Commercial (C-2) zones in the General Plan
- Specific Plans with **stricter standards than the General Plan** were considered as areas where **cannabis businesses could be prohibited**, such as those that already prohibit businesses like tobacco shops, vape shops, cigar bars, hookah lounges, etc.
 - E.g., ELA 3rd Street, Willowbrook, West Carson TOD, Connect Southwest TOD



Proposed Required Buffer Zones

- No cannabis businesses permitted within:
 - Existing residential uses or sites
 - **600 feet of youth-oriented uses** (i.e., schools (k-12), daycares, parks and recreation, libraries)
 - **500 feet of an existing licensed retail storefront** cannabis business (for new retail storefront cannabis businesses only)

Additional Proposed Zoning Regulations

- **Indoor businesses only**; no outdoor or mixed-light cultivation (e.g., greenhouses)
- Existing, permanent structures only. **No new development** permitted under proposed ordinance.
- **Premises must be kept clean**, free of graffiti, trash, and debris

Permit Application Requirements

How Will A
Business
Receive Local
Approval?

Permit Application Requirements

Application Submission & Review by OCM

- Review of ownership, financial interests, corporate formation documents, attestations, and agreements (e.g., labor peace agreement)
- Background checks
- Equity share review (equity business only)

Compliant Business Location

- Proof of legal right to occupy
- Verify the proposed location complies with:
 - 1) Zoning regulations
 - 2) Distance buffers from Youth-Oriented areas
 - 3) Distance buffers from licensed retailers

County Department Permits & Clearances

- Plan submission and review with responsible departments i.e., Planning, Public Health, Public Works, Fire, Agricultural Commissioner/ Weights & Measures
- Onsite inspections (as-required)

Annual On-site Inspections

- Review of Standard Operating Procedures, site, floor, and security plans
- Onsite inspection by OCM staff to ensure compliance with submitted plans and other operating requirements
- Good Neighbor Policy community meeting

Permit Application Requirements Cont.

Obtain State License

- Applicants must apply for and receive a state license to operate
- Requirements include ownership and entity structure information, compliance documents, and other license-specific requirements

Obtain Local Approval

- OCM will verify that an applicant has received all required state & local approvals to operate the cannabis business
- Director will review relevant facts to make a final determination whether to issue the Cannabis Business Permit

Annual Permit Renewal

- Permits must be renewed through OCM annually
- OCM will verify any changes to the business or premises and compliance with hiring and social responsibility mandates and other rules
- Permits will not be renewed if all fees and taxes are not paid in full
- Annual inspection

Ongoing Monitoring & Compliance

- OCM will continue ongoing coordination with regulatory agencies to monitor compliance
- OCM will accept, review and investigate public complaints against businesses

Prohibited Owners

No person can own or have a stake in any cannabis business or cannabis management company if they have been convicted of:

1. A violent felony, as specified Section 667.5 of the California Penal Code.
2. A serious felony, as specified in Section 1192.7 of the California Penal Code.
3. A felony involving fraud, deceit, embezzlement, theft, or perjury.
4. A felony for involving a minor in drug activities, such as transporting, selling, or giving controlled substances to a minor.
5. A felony for drug trafficking with added penalties pursuant to Section 11370.4 or 11379.8 of the California Health and Safety Code.
6. A felony conviction for conducting, maintaining, or facilitating Commercial Cannabis Activity within unincorporated areas of the County after February 15, 2022.

Prohibited Owners Cont.

No person can own or have a stake in any cannabis business or cannabis management company if:

1. They are a business entity incorporated outside of the United States.
2. They are currently serving, or have served in the past three years, in any federal, state, or local government position that involves regulating or enforcing cannabis laws.
3. They knowingly made a false statement to a County Official or in their cannabis business permit application.
4. They have violated any County laws related to wage theft, labor discrimination, or other worker protection regulations.



Compliance & Enforcement



How Will
Compliance Be
Enforced?

Compliance & Enforcement Tools

- **Complaints Against Permitted Businesses:** The Office of Cannabis Management will establish a public complaint portal where complaints can be submitted anonymously against commercial cannabis businesses that may be in violation of the County's rules and regulations.
- **Inspections:** Regulatory agencies can conduct unannounced inspections and audits of business premises during business hours, with full access to all areas, vehicles, equipment, and records related to commercial cannabis activities. Non-cooperation can result in suspension or revocation of the license.
- **Penalties for Violations:** Violations can result in notices to correct issues, fines, or more severe actions like suspension or revocation of the business permit or license, depending on the severity and frequency of the violations.



Violations and Penalties

OCM will be responsible for enforcing compliance with most operating requirements for cannabis businesses.

OCM will be empowered to issue notices, fines, and product recalls, revoke or suspend permits, as well as impose additional operating conditions.

Appeals will be handled through an administrative hearing process with appointed hearing officers. Such decisions are final and not Board-appealable.

ENFORCEMENT OF ILLICIT MARKET

REPORTING UNLICENSED ACTIVITIES:

- The Works App (available in your app store):
 - Photos
 - GPS coordinates
 - Track inquiry status
- Additional Ways to Report Unlicensed Dispensaries in unincorporated areas:
 - Office of Cannabis Management: Cannabis@lacounty.gov
 - LA County Sheriff Department: marijuanatips@lasd.org
 - If outside of unincorporated areas, contact your local law enforcement agency.

LOS ANGELES COUNTY
CONSUMER & BUSINESS AFFAIRS

Now you can report Unlicensed Cannabis Businesses in the Works App!
¡Ahora puede denunciar negocios de cannabis sin licencia en la aplicación Works!

Residents are now able to report unlicensed cannabis businesses in their communities and will be able to easily attach a photo, GPS coordinates, or other information via The Works App.

This convenient new option offers a one-stop solution for County residents to report and track complaints.

You can also report unlicensed cannabis businesses via email: cannabis@lacounty.gov.

Residentes ahora pueden denunciar negocios de cannabis sin licencia en sus comunidades y podrán adjuntar fácilmente una foto, coordenadas de GPS u otra información a través de la aplicación The Works.

Esta nueva opción ofrece una solución conveniente para denunciar y seguir sus quejas.

También puede denunciar negocios de cannabis sin licencia por correo electrónico: cannabis@lacounty.gov.

The Works
A one-stop solution for County residents to report and track services.

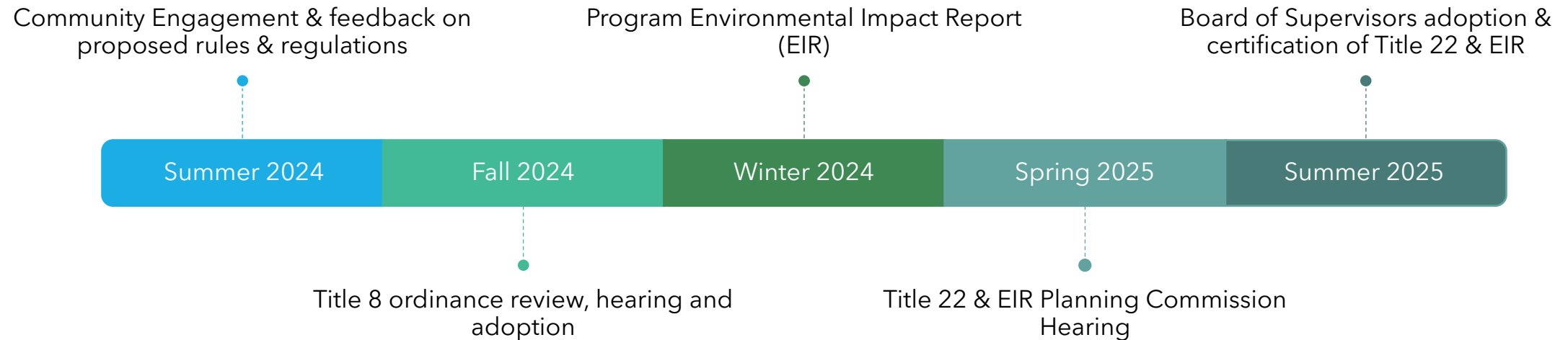
- REPORT - create a new report
- LOCATE - find services in your area
- STATUS - check complaint status
- TRACK - check complaint history

Available for iOS and Android
Free download on the App Store and Google Play

Available for iOS and Android
Disponible para iOS y Android.
<http://pw.lacounty.gov/theworks>

City of Los Angeles
County of Los Angeles
Public Works
320 W TEMPLE ST. 6-10 L.A. CA 90012
CANNABIS.LACOUNTY.GOV

Estimated Timeline & Next Steps



Q&A

On Today's Presentation

Public Comment on the Proposed Commercial Cannabis Business Permit Program

- Community input is critical in shaping the rules and regulations that will determine how these businesses operate.
- Comments can be submitted in multiple ways:
 - **Email:** Cannabis@lacounty.gov
 - **In-Person:** Community meetings
 - **Written:** Comment cards
 - **Mail:** 320 W. Temple St. Room G-10, Los Angeles, CA 90012; **ATTN: OCM**
- **Deadline: TBD**





Thank you



Please send your input!



cannabis@lacounty.gov



cannabis.lacounty.gov/eir