

COMMERCIAL CANNABIS BUSINESS LICENSE PROGRAM

SUMMARY OF PROPOSED REGULATIONS FOR UNINCORPORATED LOS ANGELES COUNTY

PROGRAM OVERVIEW

The County of Los Angeles is considering new regulations that would allow commercial cannabis business operations within unincorporated areas of the County. The proposed regulations aim to ensure the health and safety of consumers, protect community wellbeing, and support a regulated and responsible legal industry. Community input and participation is critical in finalizing the Commercial Cannabis Business License Program for unincorporated Los Angeles County.

BACKGROUND

The development of a proposed Commercial Cannabis Business License Program for unincorporated Los Angeles County has been a comprehensive and community-driven process. Below is a summary of key events:

- **June 2018:** A proposed regulatory framework is submitted to the Los Angeles County Board of Supervisors by the Los Angeles County Office of Cannabis Management (OCM) after extensive community stakeholder meetings. No action on the proposed recommendations is taken.
- **July 2021:** The Board of Supervisors directs the OCM to revisit the 2018 regulatory framework and report back with a revised framework focused on equity.
- **February 2022:** The Board of Supervisors unanimously approves a motion to implement a revised regulatory framework and an equitable cannabis business license program. The program offers a total of 90 licenses across various business activities:
 - **Retail and Delivery:** 50 licenses (25 each)
 - **Distribution, Testing, Manufacturing, Cultivation:** 40 licenses (10 each)
- **November 2022:** Measure C is approved by 60 percent of Los Angeles County voters, enacting a tax on cannabis businesses in unincorporated areas of the County.

KEY COMPONENTS OF THE COUNTY'S PROPOSED REGULATIONS

The regulatory framework for cannabis businesses includes comprehensive security measures and operational standards to ensure safety, compliance, and community engagement.

SECURITY MEASURES

- Licensed security guards and age verification are required at retail entrances and points of sale.
- Businesses must track inventory from seed to sale, test products for contaminants and ensure accurate labeling.
- Premises must have a 24/7 video surveillance inside and outside with recordings kept for at least 90 days and available to OCM upon request.
- Entry/exit points and cannabis storage areas require commercial-grade locks and alarm systems must be State licensed.

CORPORATE SOCIAL RESPONSIBILITY

All cannabis businesses must adhere to local and targeted hiring mandates, requiring that 20% of all work hours be performed by Local Workers and 20% by Targeted Workers (i.e. County residents with career-limiting circumstances). Additionally, applicants must commit to Corporate Social Responsibilities in Community, Social Equity, and Labor Relations.

LICENSING REQUIREMENTS

- **License Application Review:** OCM will review ownership, financial interests, corporate formation documents, attestations, and agreements.
- **Compliant Business Location:** Proposed location must be in the appropriate zone for the cannabis activity, in compliance with required distance buffers, and applicants must provide proof of legal right to occupy.
- **County Department Permits & Clearance:** Applicants submit plans to responsible departments such as Planning, Public Health, Public Works, Fire, and Agricultural Commissioner/Weights & Measures.

Departments will schedule on-site inspections to ensure compliance with submitted plans.

- **Annual On-site Inspections:** OCM will review standard operating procedures, site plans, floor plans, and security plans and inspect the premises to ensure compliance with operating requirements. Applicants are required to follow the Good Neighbor Policy by conducting a Community Meeting.
- **State License:** Applicants must obtain a State cannabis license.
- **Cannabis Business License:** OCM will verify an applicant has received all required State and local approvals before making a final determination to issue the Cannabis Business License. Licenses must be renewed annually.

COMPLIANCE AND ENFORCEMENT

- Businesses will have a community liaison available 24/7 to address community complaints and concerns.
- Annual Compliance inspections are conducted by multiple agencies, including an annual review by OCM. A strong compliance infrastructure will be established within regulatory agencies to support these measures and maintain high standards across the industry.
- Violations can result in warnings to correct issues, large fines, or suspension or revocation of business license.

PROPOSED ZONING LOCATIONS FOR BUSINESSES

To prevent the overconcentration of cannabis businesses and avoid an effective ban in most areas of the County, the proposed rules align zoning and buffering limits with State law and the County's alcohol outlet zoning ordinances.

- Retail storefronts licensed in C-2, C-3, and light manufacturing zones.
- Maximum of 5 storefront dispensaries per Supervisorial District to ensure even distribution.
- **Buffer Zones:** Establishes a 600-foot buffer from all Youth Oriented Uses (k-12 schools, daycares, parks, libraries and game arcades), Drug Abuse Recovery Facilities and within 500 feet of an existing retail storefront cannabis business.

- Businesses licensed in equivalent commercial and industrial/institutional zones within Specific Plans such as: East LA 3rd Street, Connect Southwest LA TOD, Florence-Firestone TOD, Marina Del Rey, Newhall Ranch, West Carson TOD, Willowbrook TOD, and Northlake.
- License caps per Planning Area to prevent clustering of dispensaries.
- This framework includes strict land use and licensing requirements, facilitated through a ministerial permitting process that ensures consistency and adherence to standards.

BENEFITS OF REGULATIONS FOR UNINCORPORATED COMMUNITIES

Safer Products: A regulated market ensures businesses are following local and statewide product safety and standard requirements.

Community Protection: Business locations proposed in appropriate areas, away from sensitive locations.

Economic Growth: The industry could create up to 1,200 full-time retail jobs, paying up to \$48 million annually. Cannabis businesses will also support various ancillary local businesses, fostering broader economic growth.

Reduced Illegal Activity: Regulations help to decrease illegal cannabis sales.

Community Reinvestment: This program is expected to generate approximately \$9.7 million in revenue with all 90 licenses operational. Through the budget process, the Board of Supervisors may direct cannabis tax revenue to support key priorities and initiatives throughout the County.

CONTACT INFORMATION

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