

ANALYSIS

This ordinance amends Title 8 – Consumer Protection, Business and Wage Regulations, Division 2 – Business Regulations, of the Los Angeles County Code by adding Chapter 8.47 – the Los Angeles County Cannabis Business Ordinance to regulate commercial cannabis activity in the unincorporated areas of the County.

This ordinance establishes licensing and operational requirements to regulate the commercial sale, delivery, cultivation, manufacturing, testing, and distribution of adult use and medicinal cannabis and cannabis products within the unincorporated areas of the County and creates a cannabis social equity program to expand entrepreneurial opportunities and aid those who have been disproportionately impacted by prior criminalization of cannabis.

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By



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TS:rm

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ORDINANCE NO. _____

An ordinance amending Title 8 – Consumer Protection, Business and Wage Regulations, Division 2 – Business Regulations, of the Los Angeles County Code, by adding Chapter 8.47 – the Los Angeles County Cannabis Business Ordinance to regulate commercial cannabis activity in the unincorporated areas of the County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Chapter 8.47 is hereby added to read as follows:

8.47 CANNABIS BUSINESSES

8.47.010 Purpose and Intent.

In 2016, the voters of California (State) approved Proposition 64, the "Adult Use of Marijuana Act" which decriminalized certain activities related to cannabis. Thereafter, the State enacted a regulatory scheme legalizing, controlling, and regulating the cultivation, processing, manufacturing, distribution, testing, and sale of medical and recreational cannabis, including cannabis products, for use by adults twenty-one (21) years of age or older entitled, the "Medicinal and Adult-Use Cannabis Regulation and Safety Act," which enables local jurisdictions to regulate commercial cannabis activities.

The Board of Supervisors now establishes an equitable commercial cannabis regulatory framework for the unincorporated areas of Los Angeles County designed to regulate commercial cannabis activities, prevent youth access to cannabis and reduce potentially adverse neighborhood and community impacts associated with such activities. As part of this framework, the Board of Supervisors establishes the Cannabis Social Equity Program to assist individuals and communities that were

disproportionately impacted by historical enforcement of cannabis prohibitions.

The Social Equity Program seeks to address these impacts by promoting equitable participation in the County of Los Angeles' legal cannabis marketplace and supporting entrepreneurial opportunities, technical assistance, and access to start-up capital.

Part 1 Commercial Cannabis License Administration

8.47.020 Definitions.

For the purposes of this Chapter and its Regulations, the following definitions apply:

- A. "Applicant" means the person applying for a Commercial Cannabis License, License modification, or License renewal.
- B. "Area Plan" or "Planning Area" means regional areas of the County of Los Angeles mapped by the Los Angeles County Department of Regional Planning.
- C. "Board" means the Board of Supervisors of the County of Los Angeles.
- D. "Candidate" means a person applying for the Los Angeles County Cannabis Social Equity Program.
- E. "Cannabis" means the plant Cannabis as defined in section 11018 of the California Health and Safety Code, as it may be amended from time to time. Cannabis does not include either of the following: (1) "Industrial Hemp" as defined by section 11018.5 of the California Health and Safety Code as it may be amended from time to time; and (2) the weight of any other ingredient combined with Cannabis to prepare topical or oral administrations, food, drink, or other product.

F. "Cannabis Business Regulations" means the rules and procedures promulgated by the Director that implement and administer Chapter 8.47 of the Los Angeles County Code.

G. "Cannabis Business Tax" means the tax identified in Chapter 4.71 of the Los Angeles County Code.

H. "Cannabis Product" means a product as defined in section 11018.1 of the California Health and Safety Code, as it may be amended from time to time.

I. "Commercial Cannabis Activity" means and includes the Cultivation, possession, Manufacture, Distribution, processing, storing, laboratory testing, packaging, Labeling, transportation, Delivery, or Sale of Cannabis or Cannabis Products. "Commercial Cannabis Activity" does not include Cannabis cultivated, processed, stored, possessed, consumed, or otherwise handled solely for personal use in a manner permitted under State law.

J. "Commercial Cannabis License" means a license issued by the Los Angeles County Department of Consumer and Business Affairs, Office of Cannabis Management to engage in certain Commercial Cannabis Activity subject to the requirements and limitations under this Chapter and the particular license type.

K. "Community Liaison" means an individual designated by the Licensee or Applicant to interact with the local community to address any complaints, issues, and concerns as required by Section 8.47.315.

L. "Consumer" means a natural person twenty-one (21) years of age or older or a natural person eighteen (18) years of age or older who possesses a physician's recommendation, or is a Primary Caregiver.

M. "County" means the County of Los Angeles.

N. "County Code" means the Los Angeles County Code.

O. "County Counsel" means the Los Angeles County Office of the County Counsel.

P. "County Official" means any employee, agent, official, or department of the County, including without limitation, the Department of Consumer and Business Affairs, Office of Cannabis Management, the Department of Public Health, Department of Public Works, County of Los Angeles Fire Department, Department of Treasurer and Tax Collector, Department of Agricultural Commissioner/Weights and Measures, and Los Angeles County Sheriff.

Q. "County Regional Planning" means the Los Angeles County Department of Regional Planning.

R. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of Cannabis. "Cultivation" does not mean or include any cultivation that is performed or maintained solely for personal use in a manner permitted under State law.

S. "Cultivation Business" means a business that is licensed by the State and the County to engage in the indoor cultivation of Cannabis. Indoor cultivation of cannabis shall occur within a permanent structure using exclusively artificial light.

T. "Delivery" means the commercial transfer of Cannabis or Cannabis Products from a Cannabis business licensed by the State and County to a Consumer.

U. "Delivery-Only Retail Business" means a Cannabis business licensed by the State and the County to engage in non-storefront retail Sales of Cannabis and Cannabis Products to Consumers by delivery only services from a permanent physical structure that is not open to the public.

V. "Department of Consumer and Business Affairs" (DCBA) means the Los Angeles County Department of Consumer and Business Affairs.

W. "Department of Public Health" (DPH) means the Los Angeles County Department of Public Health.

X. "Director" means the Director of the Los Angeles County Department of Consumer and Business Affairs, or their designee.

Y. "Director's Review" means the review by the Director of the Notice to Correct and/or Notice of Suspension of License issued by OCM for violation(s) of Chapter 8.47.

Z. "Distribution" means the commercial procurement, Sale, storage, and transportation of Cannabis and Cannabis Products by or between licensed Cannabis businesses.

AA. "Distribution Business" means a business that is licensed by the State and the County to engage in the Distribution of Cannabis and Cannabis Products.

AB. "Household" means the individuals who live in the primary residence of the Social Equity Program Candidate during the time specified in the eligibility criteria

for the Los Angeles County Cannabis Social Equity Program set forth in this Chapter and in the Regulations and who are reflected on the Social Equity Program Candidate's federal income tax returns.

AC. "Industrial Hemp" means Industrial Hemp as defined by section 11018.5 of California Health and Safety Code, as it may be amended from time to time.

AD. "ISO/IEC" means the joint technical committee of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

AE. "Labeling" means any label or other written, printed, or graphic matter upon Cannabis or Cannabis Product, its container or wrapper, or that accompanies any Cannabis Product.

AF. "License" means a Commercial Cannabis License issued under this Chapter.

AG. "Licensee" means a person issued at least one Commercial Cannabis License.

AH. "Manufacture" means to compound, blend, extract, infuse, package, repack, label, relabel, or otherwise prepare a Cannabis Product, including remediation of failed harvests or Cannabis Product batches. "Manufacture" does not mean activity that is carried out or maintained solely for personal use in a manner permitted under State law.

AI. "Manufacturing Business" means a business that is licensed by the State and the County to engage in the Manufacture of Cannabis and Cannabis Products.

AJ. "Mixed-Light Cultivation" means the cultivation of Cannabis in a greenhouse, glasshouse, conservatory, hothouse, or other similar structure using light deprivation and/or one of the artificial lighting models, excluding hoop structures.

AK. "Notice of Administrative Penalty" means the notice issued by OCM imposing an administrative penalty for violation(s) of this Chapter.

AL. "Notice of Director's Decision" means the notice of the decision made by the Director concerning a review of a Notice to Correct and/or a Notice of Suspension of License.

AM. "Notice of Suspension of License" means notice issued by OCM suspending a License issued under this Chapter.

AN. "Notice to Correct" means notice issued by OCM to Licensee to correct the violation(s) of Chapter 8.47 identified in the notice.

AO. "Office of Cannabis Management" (OCM) means the Los Angeles County Department of Consumer and Business Affairs Office of Cannabis Management.

AP. "Office of County Hearing Officer" means the office established under County Code Chapter 2.14 to conduct impartial administrative hearings, including cannabis enforcement and appeals.

AQ. "Outdoor Cultivation" means the cultivation of Cannabis, outside of a structure, without the use of artificial lighting in the canopy area at any point in time. Cultivation within a hoop structure is considered outdoor cultivation.

AR. "Owner" means any of the following: (1) a person with an aggregate ownership interest of twenty (20) percent or more in the person applying for the License

or Licensee, unless the interest is solely a security, lien, or encumbrance; (2) the chief executive officer of a nonprofit or other business entity; (3) a member of the board of directors of a nonprofit business entity; or (4) an individual participating in the direction, control, or management of the person applying for a License or Licensee.

AS. "Person" means any natural person, individual, corporation, unincorporated association, joint venture, and any individual acting on behalf of, or for, any legal entity, group or combination acting as a unit, and the plural as well as the singular.

AT. "Premises" means the designated structure or structures, and land owned, leased, or otherwise held under the control of the Applicant or Licensee where Commercial Cannabis Activity is proposed to be, or is being, conducted.

AU. "Primary Caregiver" means a Primary Caregiver as defined in section 11362.7 of the California Health and Safety Code, as it may be amended from time to time.

AV. "Qualified Patient" means a Qualified Patient as defined in section 11362.7 of the California Health and Safety Code, as it may be amended from time to time.

AW. "Regulations" means the Los Angeles County Cannabis Business Regulations.

AX. "Retail Area" means the area of the Premises of a Storefront Retail Business that is open to the public where Cannabis and Cannabis Products are sold or displayed.

AY. "Sale" means any transaction under a License for any consideration, where title to Cannabis or Cannabis Products is transferred from one person to another person, including the Delivery of Cannabis or Cannabis Products pursuant to an order placed for the purchase of same, and the solicitation or receipt of an order of the same, but does not include the return of Cannabis or Cannabis Products by a Licensee to the Licensee from whom Cannabis or Cannabis Products were purchased.

AZ. "Social Equity Program Candidate" means a person applying for the Los Angeles County Cannabis Social Equity Program.

BA. "Social Equity Program Application" means an application to participate in the Los Angeles County Cannabis Social Equity Program.

BB. "Social Equity Program" means the Los Angeles County Cannabis Social Equity Program administered by the Office of Cannabis Management.

BC. "Social Equity Program Participant" means a person who has met the eligibility requirements for the Social Equity Program and has successfully secured access to the program through the lottery selection process.

BD. "State" means the state of California, and any agency therein responsible to regulate Commercial Cannabis Activity in California, including but not limited to the California Department of Cannabis Control, California Department of Public Health, and the California Department of Food and Agriculture.

BE. "State License" means a license issued by the State of California, or its departments or divisions, which authorizes the licensee to engage in certain

Commercial Cannabis Activity, subject to the requirements and limitations under State law, regulations, and the specific license type.

BF. "Storefront Retail Business" means a business that is licensed by the State and the County to engage in the retail Sale of Cannabis and Cannabis Products from a storefront location that is open to the public and is authorized to perform Delivery services.

BG. "Testing Laboratory" means a laboratory, facility, person, or entity licensed by the State and the County to perform analytical testing of Cannabis and Cannabis Products.

BH. "Testing Laboratory Business" means a business that operates a laboratory or facility licensed by the State and the County to perform analytical testing of Cannabis and Cannabis Products.

BI. "Treasurer and Tax Collector" means the Los Angeles County Treasurer and Tax Collector.

BJ. "Verified Social Equity Program Applicant" means a person who has met eligibility requirements for the Los Angeles County Cannabis Social Equity Program.

BK. "Youth-Oriented Use" means property where youth under the age of eighteen (18) are likely to congregate, including public or private schools, child day care centers, public libraries, public parks, and public recreational facilities and game arcades licensed under Title 7 of the County Code. The Office of Cannabis Management will maintain an informational list of identified properties with Youth-Oriented Uses within the unincorporated areas of the County. The inclusion or omission

of a property on that list is not determinative whether the property is a Youth-Oriented Use. Youth-Oriented Use does not include a private residence.

8.47.030 Authority.

A. The Director, through OCM, is authorized to establish, promulgate, and amend regulations and procedures consistent with this Chapter, the Los Angeles County Code, and State law to implement and administer this Chapter, including the Cannabis Social Equity Program. Regulations that implement this Chapter have the full force and effect of the law.

B. The Director, through OCM, may issue instructions and interpretations of the provisions of this Chapter.

C. Regulations of this Chapter shall be published on the OCM website and are effective upon the date of publication, unless otherwise stated therein.

8.47.040 Notices.

All notices issued by OCM under this Chapter may be served by electronic mail (email), United States mail, or by personal service. Applicant and Licensee must provide a valid electronic mail address to OCM at the time of application and must submit an updated electronic mail address to OCM within 48 hours of any change in the electronic mail address. Service of the notice is effective upon the date of electronic transmission, the date of mailing, or the date of personal service.

8.47.050 Severability.

A. This Chapter is intended to be consistent with State law and shall be interpreted to be compatible with State enactments related to Cannabis and Cannabis Products.

B. Should any provision of this Chapter, its Regulations, or its application or circumstance, be determined by a court of competent jurisdiction to be unconstitutional, unenforceable, or otherwise void, that determination will not affect any other provision of this Chapter, its Regulations, or the application of this Chapter to any other circumstance and, to that end, the provisions hereof are severable. All remaining portions of this Chapter shall remain in force and in effect.

8.47.060 Commercial Cannabis License Required.

A. No person may engage in any Commercial Cannabis Activity within the unincorporated areas of the County unless such person:

1. Has a valid and active Commercial Cannabis License;
2. Has a valid and active State License authorizing the functionally equivalent Commercial Cannabis Activity that the Commercial Cannabis License authorizes; and
3. Complies with all applicable State and local laws and regulations pertaining to the Commercial Cannabis Activity.

B. Unlicensed Commercial Cannabis Activity is prohibited.

1. It is unlawful for any Person to use, rent, lease or otherwise allow the use of a property in the unincorporated areas of the County to conduct unlicensed Commercial Cannabis Activity.
2. It is unlawful for a Person to establish, operate, engage in, or participate as an employee, contractor, agent, or volunteer, in any unlicensed Commercial Cannabis Activity in the unincorporated areas of the County.

3. A violation of Section 8.47.060 is a public nuisance. The County, on behalf of itself and the people of the State of California, may abate a public nuisance by means of injunctive relief or other relief or remedy available in law or equity from a court of competent jurisdiction. Each day this Section is violated is a separate offense and each offense is subject to a civil penalty up to thirty thousand dollars (\$30,000).

8.47.070 Licenses Are Not Transferable Without Director Approval.

A Commercial Cannabis License may not be transferred to any other person(s) without first obtaining written approval from the Director. Any License issued under this Chapter is valid only to the person to whom it is issued by the Director. Any transfer of a License without Director approval is null and voids the License.

8.47.080 Number and Type of Commercial Cannabis Licenses Authorized.

A. Up to ninety (90) Commercial Cannabis Licenses, comprised of the six (6) License types designated below, may be issued in the unincorporated areas of the County. The maximum number of Licenses of each type is as follows:

1. Storefront Retail Business: 25;
2. Delivery-Only Retail Business: 25;
3. Indoor Cultivation Business: 10;
4. Distribution Business: 10;
5. Testing Laboratory Business: 10; and
6. Manufacturing Business: 10.

B. A maximum of five (5) Storefront Retail Business Licenses and five (5) Delivery-Only Retail Business Licenses may be issued in each supervisorial district.

C. To avoid overconcentration of Commercial Cannabis Activity, all License types are subject to distance buffers and caps on the number of License types within County supervisorial districts and Planning Areas as set forth in Title 22 of the County Code and the Regulations.

8.47.090 No Vested or Non-Conforming Rights.

A. No provision of the County Code, including the Regulations, or any action, failure to act, statement, representation, omission, recognition, certificate, program, approval, permit or License issued by the County, shall create or convey any vested or nonconforming right or benefit regarding any Commercial Cannabis Activity beyond the period of time and range of activities specifically provided by the License.

B. If any License issued by the State or the County for Commercial Cannabis Activity is held unconstitutional, invalid or unenforceable for any reason by any court or tribunal of competent jurisdiction, the Commercial Cannabis Activity subject to licensure must immediately cease.

C. Licensee assumes all risk associated with the validity of Licenses from the County and the State for Commercial Cannabis Activity and shall not be entitled to any compensation or other relief in law or equity from the County if Licenses are held to be unconstitutional, invalid, or unenforceable.

8.47.100 Persons Not Qualified to Hold or Maintain a Commercial Cannabis License.

A. A License authorized under this Chapter may not be held by or issued to any person who does not qualify for a License.

B. The Director may reject the application made by a person who does not qualify for a License and any License held by a disqualified person is subject to revocation.

C. The following persons are not qualified to hold or maintain a License:

1. A person who has been convicted of a criminal offense, act or professional misconduct that is substantially related to the qualifications, functions, or duties of the License for which the application is made, including any of the following:

a. a violent felony as defined by California Penal Code section 667.5 or equivalent offense in other states;

b. a serious felony, as defined by California Penal Code section 1192.7 or equivalent offense in other states;

c. a felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor;

d. a felony for drug trafficking with enhancements pursuant to section 11370.4 or 11379.8 of the California Health and Safety Code or equivalent offense in other states;

- e. a felony involving fraud, deceit, or embezzlement;
- f. a felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance;
- g. two (2) misdemeanor convictions for possession of fentanyl, heroin, cocaine, methamphetamine, phencyclidine, and analogs; and
- h. two (2) misdemeanor convictions for theft-related crimes, including shoplifting, petty theft, and forgery, regardless of the value of stolen property.
- i. For a Manufacturing Business License, a disqualified person also includes a person with:
 - (1) a violation of California Health and Safety Code section 110620, 110625, 110630, 110760, 110765, 110770, 110775, 111295, 111300, 111305, 111440, 111445, 111450, or 111455, or equivalent offense in other states that resulted in suspension or revocation of a license, administrative penalty, civil judgment or order, or criminal conviction;
 - (2) a violation of California Health and Safety Code sections 111950 through 112130, or equivalent violation in other states, that resulted in suspension or revocation of a license, administrative penalty, civil judgment or order, or criminal conviction;
 - (3) a conviction under California Penal Code section 382, or equivalent offense in other states; and

(4) a violation identified in Section 8.47.100.C.1.i.(1) or 8.47.100.C.1.i.(2), committed by a business entity in which an Owner was an officer or had an ownership interest.

2. A corporation or business entity organized or formed outside of the United States; and

3. A person who is currently serving or has served in the three (3) years preceding application submission, in any position, office, employment or appointment to any federal, state, or local agency, including the County or any of its departments, agencies, commissions, or boards where the individual's duties include the enforcement or regulation of Commercial Cannabis Activity.

8.47.110 License Application Procedure.

A. License Application.

A completed application for a License, License modification, or License renewal, including all forms, documents, LiveScan, background checks and fees required by this Chapter and related Regulations, shall be signed and submitted to OCM for review and processing.

B. Review of Application.

1. An application will be reviewed for completeness by OCM and will be deemed deficient where:

- a. An application is incomplete;
- b. The proposed location for the Cannabis business does not meet zoning requirements under Title 22 of the County Code and/or the proposed

location for the Cannabis business triggers overconcentration of a License type within a supervisorial district or within a Planning Area;

c. The Applicant does not provide documentation to show that each structure at the proposed Premises is completely constructed and has received a certificate of occupancy;

d. Applicant or Licensee fails to pay required fees; and

e. Application does not include documentation and/or information required by this Chapter and the Regulations.

2. Notice of Deficiency.

a. A Notice of Deficiency will be served on the Applicant or Licensee when the application is deemed deficient. Applicant or Licensee must submit supplemental documentation, information, and/or fees to remedy the deficiency within fourteen (14) calendar days of service of the Notice of Deficiency unless an extension of time has been granted by the Director under Section 8.47.110.B.2.b. Failure to provide supplemental documentation will result in the rejection of the application.

b. The Director may extend the time to allow Applicant or Licensee to provide supplemental documentation upon a showing of good cause by the Applicant or Licensee.

3. Notice of Rejection.

a. If an application is rejected, an Applicant will be notified of the basis for the rejection in writing. A rejected application is final and is not subject to

further review and processing by OCM. Rejected applications may be appealed by writ of mandate to the Los Angeles County Superior Court.

8.47.120

Denied License, License Modification or License

Renewal.

A. A License, License Modification or License Renewal may be denied where:

1. A prior Cannabis license or permit, issued by a city, county, or state Cannabis licensing or permitting authority to the Applicant or Licensee, was suspended or revoked within five (5) years preceding the date of this application;

2. The Applicant or Licensee procured the License by fraud or deceit, or through a misrepresentation or false statement, or knew or should have known that a statement in the application for a License, License modification or License renewal was false or untrue;

3. Licensee does not possess a valid seller's permit issued by the State commencing with California Revenue and Taxation Code section 6001, as it may be amended from time to time, as of the date of application;

4. Licensee failed to pay County Cannabis Business Taxes; and

5. Applicant or Licensee is not in compliance with or fails to meet the requirements of this Chapter and/or the Regulations.

B. If an application for a License, License modification, or License renewal is denied, an Applicant or Licensee will be notified of the basis for the denial in writing.

Denied applications may be administratively appealed under Section 8.47.180.B.

8.47.130 License Renewal.

Any License issued under this Chapter will be effective for one year. Any Licensee that desires to continue operating must file an application for License renewal no later than sixty (60) calendar days before the expiration date of the License. License renewal applications must be filed in the manner established by this Chapter and the Regulations, and any renewal application shall be granted only when the requirements for the issuance of the License, or other criteria established in this Chapter and the Regulations, are met.

8.47.140 Modification of License.

- A. No License may be modified without approval from the Director.
- B. An application for modification of a License must be filed with OCM for the following circumstances as detailed in the Regulations: (1) change or transfer of ownership; (2) change of name; (3) change in business location; and (4) modification of business Premises.
- C. Any License modified without Director's approval is null and void and all Commercial Cannabis Activity otherwise permitted under the License must immediately cease.

8.47.150 Illegal Activities.

A Licensee shall not cause, engage in, or otherwise allow any criminal activity or public nuisance to occur on the Premises. A License under this Chapter does not authorize a nuisance.

8.47.160 Fees.

A. The Board may adopt fees related to Licensing Commercial Cannabis Activity and all other fees necessary to implement this Chapter.

B. Fee Schedule:

<u>Fee Type</u>	<u>Fee</u>
Application	\$ 367
License	
Store Front	\$ 27,233
Non-Store Front (Primary)	\$ 22,562
Non-Store Front (Additional)	\$ 11,569
Modification	
Ownership Modification	\$ 560
Business Relocation	\$ 5,732
Premises Modification	\$ 625
General License Modification	\$ 238
Appeals	\$ 1,217

C. The Director may increase fees annually based on the Consumer Price Index. Beginning on July 1, 2028, and thereafter on each succeeding July 1, the amount of each fee in this Chapter shall be adjusted as follows: Calculate the percentage movement between March of the previous year and March of the current year in the Consumer Price Index for all urban consumers in the Los Angeles – Long Beach – Anaheim, California areas, as published by the United States Government Bureau of Labor Statistics, and adjust each fee by said percentage amount; provided, however, that no adjustment shall decrease any fee and no fee shall exceed the reasonable cost of providing services.

D. The Director may present fee proposals to the Board for approval when the County Auditor-Controller determines that the amount reasonably necessary to recover the cost of providing services exceeds the amount of the Consumer Price Index adjustment.

8.47.170 Enforcement.

A. General Provisions.

1. Deemed a Misdemeanor.

Violation of any provision of this Chapter, including the Regulations, is punishable as a misdemeanor. Any person violating this Chapter, including the Regulations, is subject to criminal prosecution, and may be imprisoned in County jail for a period not to exceed six (6) months or by fine not to exceed one thousand dollars (\$1,000) or both.

2. Public Nuisance, Injunction, and Civil Remedies.

Violation of any provision of this Chapter, including the Regulations, is unlawful and is declared a public nuisance. County Counsel may commence actions and proceedings before a court of competent jurisdiction to abate the nuisance as provided by law and may seek injunctive relief and any other relief or remedy available at law or equity.

3. Cumulative Remedies.

Remedies provided in this Chapter are nonexclusive and are cumulative with any other remedy available to the County to protect the health, safety, and welfare of the people of the County of Los Angeles.

B. Inspections.

Any State or County Official may conduct unannounced inspections of the Premises during business hours. Failure to allow an inspection or to impede an inspection by any State or County Official is a violation of this Chapter that is punishable as a misdemeanor and is subject to civil penalties and administrative remedies, including revocation of License.

C. Violation Notices.

1. Notice to Correct.

a. The Director may issue a Notice to Correct to a Licensee who violates any provision of this Chapter or the Regulations. Licensee must correct the violation within the applicable compliance period as set forth in the Regulations. Failure to correct the violation within the compliance period may result in the imposition of administrative penalties under Section 8.47.170.

b. The Notice to Correct shall contain the following: (1) a description of the violation; (2) a description of the corrective action required; (3) the compliance date to correct the violation; (4) a statement that an administrative penalty may be imposed if the violation is not corrected by the compliance date; (5) the time to request an extension of time to comply; and (6) the time to submit a request for Director's Review of the Notice to Correct.

c. A request for Director's Review under Section 8.47.180.A must be submitted by electronic mail to OCM by the compliance date.

d. Any request for an extension of time to comply with the Notice to Correct must be made in writing to OCM at least three (3) calendar days before the compliance date. The Director has sole discretion to grant or deny a request to extend the time to comply with the Notice to Correct upon a showing of good cause by the Licensee.

e. Within forty-eight (48) hours of abatement of the violation, Licensee must notify OCM by electronic mail of the corrective action taken. Notification must include documentation to show that the violation has been fully abated. Abatement will not be deemed complete until OCM confirms abatement has occurred.

2. Notice of Suspension of License.

a. The Director may issue a Notice of Suspension of License to a Licensee who violates any provision of this Chapter and its Regulations where the violation poses an immediate threat to the health and safety of the public. The Director has discretion to suspend a License where revocation proceedings under this Chapter have been initiated against the Licensee.

b. The Notice of Suspension of License may be served by electronic mail or may be personally served on the Licensee and will contain the following: (1) a description of the violation; (2) a description of the corrective action required; (3) a time to correct the violation; (4) an order to immediately cease all operations of the Commercial Cannabis Activity; and (5) the time to submit a request for Director's Review of the Notice of Suspension of License.

c. The License shall be suspended unless and until the Notice of Suspension of License has been lifted by the Director. The Notice of Suspension of License may be lifted when the Director has received competent evidence that the violation has been abated.

d. A request for Director's Review under Section 8.47.180.A must be submitted to the Director by electronic mail by the compliance date.

e. Continuing to conduct Commercial Cannabis Activity after the date of service of a Notice of Suspension of License that has not been lifted by the Director is subject to revocation of License.

D. Administrative Penalty.

1. The Director may issue a Notice of Administrative Penalty to any Licensee who fails to comply with a Notice to Correct and to any person who violates a Notice of Suspension of License.

2. The Notice of Administrative Penalty shall contain the following information: (1) a description of the violation; (2) the amount of the penalty based on the tier classification of the violation; (3) the due date to pay the penalty; (4) the time to request an administrative appeal; and (5) a statement that the Notice of Administrative Penalty will be final where no administrative appeal has been timely submitted.

3. The Director shall set forth tier classifications of the administrative penalties under this Chapter in the Regulations. The Director, at their sole discretion, may escalate the tier classification of an administrative penalty for repeat violations of this Chapter as provided in the Regulations.

4. Failure to pay an administrative penalty by the due date is subject to late fees as set forth in the Regulations.

5. A Licensee may request to appeal the imposition of an administrative penalty within thirty (30) calendar days of the date of service of the Notice of Administrative Penalty. A request for an administrative appeal must be submitted by electronic mail in accordance with Section 8.47.180.B. Failure to timely request an administrative appeal waives the ability to appeal and is a failure to exhaust administrative remedies.

8.47.180 Director's Review and Administrative Appeal.

A. Director's Review.

1. Licensee may request the Director to review the appropriateness of the issuance of a Notice to Correct and/or Notice of Suspension of License. Review by the Director is conducted without a hearing. A request for Director's Review must be electronically mailed to OCM by the compliance date. Failure to timely submit a request for Director's Review shall waive the ability to seek Director's Review and is a failure to exhaust administrative remedies.

2. A request for Director's Review must comply with the procedures set forth in the Regulations. Licensee must complete all necessary forms to initiate a Director's Review and submit all supporting documentation to OCM within the time given in the Regulations to be considered by the Director. Witness declarations and documentary evidence submitted in support of Licensee's request for Director's Review must be made under penalty of perjury.

3. The Director will review documentation and declarations submitted for consideration and will issue a written decision no later than twenty (20) calendar days from the deadline for the Licensee to submit all documentation in support of the request for Director's Review.

4. Notice of Director's Decision.

a. The Director may uphold, modify or rescind a Notice to Correct and will serve the Licensee with a Notice of Director's Decision by electronic mail. If the Notice to Correct is upheld or modified, the Licensee must correct the violation(s) within five (5) calendar days of service of the decision. Failure to correct the violation(s) within the time prescribed in the Notice of Director's Decision will result in the imposition of administrative penalties.

b. The Director may uphold or rescind a Notice of Suspension of License and will serve the Licensee with a Notice of Director's Decision by electronic mail. If the Notice of Suspension of License is upheld, the Licensee must correct the violation(s) within five (5) calendar days of service of the decision. Failure to correct the violation(s) within the time prescribed in the Notice of Director's Decision will result in the imposition of administrative penalties.

c. An administrative appeal of the Notice of Director's Decision may be requested and must comply with Section 8.47.180.B. Failure to comply with Section 8.47.180.B waives the ability to appeal and is a failure to exhaust administrative remedies.

B. Administrative Appeal.

1. Administrative appeals shall be conducted by the Office of County Hearing Officer.
2. Administrative appeals may be sought from the following: (a) Notice of Denial of a License, License Modification or License Renewal; (b) Notice of Director's Decision; or (c) Notice of Administrative Penalty.
3. A request for a hearing on an administrative appeal must be filed with OCM within thirty (30) days of the date of service of notice(s) of the actions listed in Section 8.47.180.B.2. An appellant must submit to OCM a completed request for administrative appeal to initiate the appeals process, including all required appeal information, forms, and fee deposits.
4. An appeal fee will be charged following completion of the hearing and must be paid within sixty (60) days of billing.
5. A hearing on an administrative appeal before the Office of County Hearing Officer shall be conducted within sixty (60) days of the request for an appeal unless the hearing date is extended by the hearing officer. Notice of the hearing shall be served by electronic mail no later than twenty (20) days prior to the date of the hearing.

8.47.190 Revocation of License.

A. Initiation of Proceedings.

The Director may initiate proceedings to hold an administrative hearing to revoke a License where the Director has determined that the Licensee has violated any

applicable provisions of the County Code, Regulations, and/or any State law regarding Cannabis or Cannabis Products.

B. Notice of Petition for Revocation.

The Director will issue a Notice of Petition for Revocation by electronic mail. Notice will contain: (1) a description of the basis for revocation; and (2) a statement that a hearing will be conducted by the Office of County Hearing Officer or by an independent hearing body designated by the Board.

C. Procedure.

Revocation hearings will be conducted before the Office of County Hearing Officer, or by an independent hearing body designated by the Board and will follow the Rules and Procedures for the Administration of the Office of County Hearing Officer under Sections 2.14.036 and 2.14.037, this Chapter, and the Regulations.

D. Timing.

The hearing on a Petition for Revocation will be conducted within sixty (60) calendar days of service of the petition on the Licensee unless otherwise extended by the hearing officer.

E. Decision.

The hearing officer will issue and serve a written decision within thirty (30) calendar days of conclusion of the hearing. The decision by the hearing officer is final and is not subject to further administrative review by the County. The decision by the hearing officer may be appealed by writ of mandate to Los Angeles County Superior Court.

PART 2 SOCIAL EQUITY PROGRAM

8.47.200 Social Equity Program Administration.

A. Procedures.

1. Candidates for the Social Equity Program must comply with this Chapter and the Regulations.

2. Candidates for the Social Equity Program must timely submit a completed application, including forms, information, documents, and fees required by this Chapter and related Regulations to OCM for review and processing. Candidates must meet the Social Equity Program eligibility criteria as provided in this Chapter and the Regulations at the time of application.

B. Eligibility Criteria.

Candidates for the Social Equity Program will be selected through a lottery process and cannot exceed capital/wealth limits and must meet equity eligibility criteria based on either: (1) economic hardship or (2) arrest or conviction of a non-violent misdemeanor cannabis related crime from 1971 through 2016.

C. Eligibility Determination.

1. The Director will determine whether a Candidate meets eligibility criteria for the Social Equity Program to become a Verified Social Equity Program Applicant. Candidates who meet eligibility criteria will be notified of their status as Verified Social Equity Program Applicants.

2. Candidates who do not meet the criteria will be served with a Notice of Ineligibility from OCM stating the basis for determination. Notice of Ineligibility

will become a Final Determination of Ineligibility fifteen (15) calendar days after service of the Notice of Ineligibility where no request for reconsideration is made.

3. Candidates served with a Notice of Ineligibility may submit a request for reconsideration by electronic mail to OCM within fourteen (14) calendar days of the date of service of the Notice of Ineligibility. A request for reconsideration must contain new and/or additional facts and documentation to show how the candidate meets eligibility criteria. Unsuccessful Candidates will be served a Final Determination of Ineligibility.

4. A Final Determination of Ineligibility is not subject to further administrative review by the County. A Final Determination of Ineligibility may be appealed by writ of mandate to the Los Angeles County Superior Court.

D. Verified Social Equity Program.

Verified Social Equity Program Applicants will take part in a lottery selection process to become Social Equity Program Participants. The number of Social Equity Program Participants will be based on the number of available Licenses and License types reserved for the Social Equity Program.

E. Licenses.

The Director may reserve up to half of each available License type for Social Equity Program Participants.

**PART 3 OPERATING REQUIREMENTS FOR COMMERCIAL
CANNABIS BUSINESSES**

8.47.300 Storefront Retail Businesses.

Storefront Retail Businesses must operate in accordance with the Regulations and must comply with the County Code, including Chapter 11.37 and applicable State laws and regulations related to the retail Sale and Delivery of Cannabis and Cannabis Products.

8.47.305 Hours of Operation.

The maximum hours of operation for a Storefront Retail Business are from 8:00 a.m. to 10:00 p.m. daily. Storefront Retail Businesses may establish business hours within the maximum hours of operation and must only engage in the Sale and Delivery of Cannabis and Cannabis Products within these hours. All in-store Sale transactions must be completed, and all Consumers must leave the Premises by the close of business. Licensees must complete all Delivery transactions including transfer of Cannabis and Cannabis Products to the Consumer between established business hours.

8.47.310 In-Store Sales and Limited Access Areas.

A. No person under twenty-one (21) years of age may enter a Storefront Retail Business unless that person is a Qualified Patient or a Primary Caregiver and presents documentation, including valid State identification cards, that verify status as a Qualified Patient or Primary Caregiver.

B. Qualified Patients under eighteen (18) years of age must be accompanied by their parent, legal guardian, or Primary Caregiver to enter the Storefront Retail Business.

C. All in-store Sales conducted by a Storefront Retail Business must occur within the Retail Area of the Premises where the Cannabis and Cannabis Products are displayed. Electronic age verification must be used before an individual enters the Retail Area and at the point of sale to determine the age of any individual attempting to purchase Cannabis or Cannabis Products.

D. Limited access areas are any areas of the Premises that are not open to the public. The door to limited access areas must remain closed during business hours.

8.47.315 Storefront Retail Business Staffing.

A. An on-site manager or assistant manager must always be present during the hours that the Storefront Retail Business is open to the public for operation.

B. All employees must be twenty-one (21) years of age or older.

C. Storefront Retail Businesses must identify and maintain a Community Liaison in accordance with this Chapter and the Regulations to be available to address community concerns and complaints.

8.47.320 Security Requirements.

A. Each Storefront Retail Business must maintain and comply with a security and procedures plan approved by OCM.

B. Storefront Retail Businesses must provide on-site State licensed security personnel and install security cameras and lighting to deter criminal activity.

C. Storefront Retail Businesses must provide access during business hours to law enforcement and State and County Officials to the Premises for the purpose of determining compliance with operating and licensing requirements.

8.47.325 Signage.

A. Storefront Retail Businesses must prominently post all signage required by the Regulations, including permits, licenses and warning notices, which must be displayed in a conspicuous manner at the entrance or point of sale that makes the signage likely to be read and understood by the public.

B. Storefront Retail Businesses must comply with the County of Los Angeles Cannabis Emblem Program (Emblem Program) administered by DPH and must prominently display the Emblem Program placard at the entrance or front window of the retail business to ensure proper notice to the public and to Consumers.

8.47.330 Display and Labeling of Cannabis and Cannabis Products.

A. All Cannabis and Cannabis Product packaging and labeling must satisfy all applicable County and State laws and regulations, as amended from time to time, including but not limited to those provisions outlined in California Business and Professions Code sections 26120 through 26122.

B. Cannabis and Cannabis Products may be removed from their packaging and placed in containers to allow for Consumer inspection. The containers must not be readily accessible to a Consumer without the assistance of the Licensee's personnel

who must remain with the Consumer until the Cannabis or Cannabis Product is resecured.

C. Cannabis and Cannabis Products removed from their packaging for display must not be sold or consumed, and when no longer used for display must be destroyed pursuant to State law requirements.

D. Public-facing windows of a Storefront Retail Business must be covered or tinted in compliance with the Regulations.

8.47.335 Daily Sales Limits.

A Storefront Retail Business must not sell to any Consumer any amount of Cannabis or Cannabis Products that violates State law, including but not limited to the daily limits set forth in section 15409 of the California Department of Cannabis Control Medicinal and Adult-Use Commercial Cannabis Regulations.

8.47.340 Noise and Odor.

Storefront Retail Business Licensees must abide by all applicable State laws and County Code provisions related to noise under Chapter 12.08 and odor under Chapter 11.37.

8.47.345 Advertising.

A. Storefront Retail Business Licensees must comply with all laws and regulations of the State and County, including zoning requirements, regarding advertising of Cannabis and Cannabis Products.

B. No person may place or cause to be placed any sign, poster, placard, graphic display, billboard, or any other form of advertisement for Cannabis or Cannabis

Products within a Residential or Agricultural Zone within the unincorporated areas of the County, or within 1,000 feet of any Youth-Oriented Use, or on any interstate or state highway that crosses the California border. The foregoing restrictions do not apply to signs located entirely on-site of the Premises of an Applicant or Licensee.

C. The distance requirement specified in Section 8.47.345.B for signs or other advertisements shall be measured as the horizontal distance in a straight line from the property line of a Youth-Oriented Use to the closest visible edge of the advertising sign face of the off-site sign or other advertisement without regard to intervening structures.

8.47.350 Prohibited Activities.

A. No physician may use the Premises of a Storefront Retail Business at any time for the purpose of evaluating patients for the issuance of a Cannabis recommendation.

B. No alcohol, tobacco, or non-Cannabis food products may be sold at the Premises of a Storefront Retail Business.

C. No smoking, ingesting, or consuming Cannabis or Cannabis Products in any form may occur at the Premises of a Storefront Retail Business.

D. No Cannabis business may gift, share, sample, donate or give away Cannabis or Cannabis Products.

E. No Sales and/or Delivery may occur through a drive-thru window, walk-up window, or curbside pickup location at a Storefront Retail Business.

F. Licensed Cannabis retail businesses must not engage in Distribution of Cannabis or Cannabis Products without a valid Distribution Business License.

Licensed Cannabis retail businesses must not receive Cannabis or Cannabis Products from an unlicensed Distributor.

8.47.400 Delivery by Storefront Retail Businesses and Delivery-Only Retail Businesses.

A. Storefront Retail Businesses and Delivery-Only Retail Businesses must operate in accordance with the Regulations and must comply with the County Code, including Part 7 of Chapter 8.04 and Chapter 11.37, and applicable State laws and regulations related to the Sale and Delivery of Cannabis and Cannabis Products.

B. Storefront Retail Businesses and Delivery-Only Retail Businesses must comply with the following:

1. All Cannabis and Cannabis Products must be properly packaged and labeled and must satisfy all applicable County and State requirements.

2. A Cannabis business must not sell or Deliver to any Consumer any amount of Cannabis or Cannabis Products that violates State law, including but not limited to the daily limits set forth in section 15409 of the California Department of Cannabis Control Medicinal and Adult-Use Commercial Cannabis Regulations.

3. Storefront Retail Businesses and Delivery-Only Retail Businesses must use an electronic age verification device to confirm that the age of the Consumer placing the order is at least twenty-one (21) years of age unless the Consumer is Qualified Patient or Primary Caregiver. Electronic age verification must occur at the

point of sale and at the point of delivery. Cannabis or Cannabis Products may only be Delivered to the Consumer who placed the order.

4. For Delivery to a Qualified Patient or a Primary Caregiver, Storefront Retail Businesses and Delivery-Only Retail Businesses must be presented with documentation that verifies the Consumer's status as defined under section 11362.7 of the California Health and Safety Code.

5. Vehicles of Storefront Retail Businesses and Delivery-Only Retail Businesses utilized to deliver Cannabis or Cannabis Products must not exhibit any markings or symbols on the exterior of the vehicles that could disclose or suggest the presence of Cannabis or Cannabis Products within the vehicles.

6. Delivery drivers must be at least twenty-one (21) years of age, must be employees of the Cannabis business for whom they deliver, and must wear a photograph identification badge from the Cannabis business in a manner that is readily visible to the Consumer.

7. Deliveries of Cannabis and Cannabis Products must not be left or dropped off at a location. Deliveries must be made by an individual person to another individual person.

8. Delivery of Cannabis or Cannabis Products must not be made to any location with a Youth-Oriented Use, as defined in this Chapter, including public or private schools, childcare centers, public parks, libraries, and youth centers.

9. Delivery of Cannabis or Cannabis Products must not be made by an unmanned vehicle.

10. During Deliveries, each employee must carry a copy of the current License of the Storefront Retail Business or the Delivery-Only Retail Business for whom they work, a copy of the State License and Quick Response Code (QR Code) certificate set forth in California Code of Regulations Title 4, section 15039(d), as may be amended from time to time, the employee's government-issued identification card, and an employee identification badge provided by the Licensee. An employee must present a copy of the License of the Storefront Retail Business or the Delivery-Only Retail Business, a copy of the State License and QR Code certificate, and their employee identification badge to a Consumer upon request and to any State or County Official upon demand.

11. Delivery services originating outside the unincorporated areas of the County delivering to locations within the unincorporated areas of the County must comply with Sections 8.47.400 and 8.47.410 herein and all Regulations concerning Delivery services within the unincorporated areas of the County.

C. Delivery-Only Retail Businesses must operate from a permanent physical structure that is not open to the public.

8.47.410 Delivery-Only Retail Business Hours of Operation.

The maximum hours of operation for Delivery-Only Retail Businesses are from 8:00 a.m. to 10:00 p.m. daily. Such Licensees must complete all delivery transactions including transfer of Cannabis and Cannabis Products to the Consumer between these hours.

8.47.500 Indoor Cultivation Business.

A. Licensee must operate in accordance with the Regulations and must comply with the County Code, including Part 7 of Chapter 8.04 and Chapter 11.37, and applicable State laws and regulations related to cultivation of Cannabis.

B. Outdoor Cultivation and Mixed-Light Cultivation are prohibited in the unincorporated areas of the County.

C. Maximum Canopy Size for Stand-Alone Indoor Cultivation.

1. The total canopy size for the Premises must not exceed the maximum number of square feet authorized by State cultivation license types where applicable for Specialty Cottage Indoor, Specialty Indoor, Small Indoor, Medium Indoor, Nursery, and Processor set forth in section 16201 of the California Department of Cannabis Control Medicinal and Adult-Use Commercial Cannabis Regulations.

2. The total canopy size for the Premises must not exceed the maximum number of square feet authorized by the Commercial Cannabis License. Licensees must seek and obtain approval from OCM prior to engaging in any activity that results in a modification of the square feet of maximum canopy authorized by the Cannabis Cultivation License. In no instance may the total canopy of the Premises of a stand-alone Licensed Indoor Cultivation business exceed 22,000 square feet.

8.47.600 Manufacturing Business.

Licensee must operate in accordance with the Regulations and must comply with the County Code, including Part 7 of Chapters 8.04 and Chapter 11.37, and applicable State laws and regulations related to manufacturing of Cannabis Products.

8.47.700 Testing Laboratory Business.

Licensee must operate in accordance with the Regulations and must comply with the County Code and applicable State laws and regulations related to testing of Cannabis and Cannabis Products and maintain ISO/IEC 17025 accreditation.

8.47.800 Distribution Business.

A. Licensee must operate in accordance with the Regulations and must comply with the County Code, including Part 7 of Chapter 8.04.1300 and Chapter 11.37, and applicable State laws and regulations related to the Distribution of Cannabis and Cannabis Products.

B. Unlicensed Distribution of Cannabis or Cannabis Products must not occur by a Storefront Retail Business and/or a Delivery-Only Retail Business.

8.47.900 Microbusiness Designation.

A. Three or more Commercial Cannabis License types held by the same Licensee and operated on a single Premises must be designated a microbusiness and must comply with zoning and licensing restrictions for microbusinesses.

B. The following Commercial Cannabis License types may qualify for microbusiness designation, subject to zoning and licensing restrictions:

1. Cultivation Business (with a maximum canopy of 10,000 square feet);
2. Distribution Business;
3. Delivery-Only Retail Business;
4. Storefront Retail Business;

5. Manufacturing Business (nonvolatile only).

C. A Licensee operating under a microbusiness designation must maintain a License for each Commercial Cannabis Activity occurring on the Premises. A Licensee operating under a microbusiness designation must not maintain more than one of the same Commercial Cannabis License types on the Premises. Each License type comprising the microbusiness shall count against the maximum number of Licenses and License types of Commercial Cannabis Activity allocated for each supervisorial district as set forth in Section 8.47.080.

D. Licensee must operate in compliance with the Regulations and must comply with the County Code, including Part 7 of Chapter 8.04 and Chapter 11.37, and applicable State laws and regulations for each License type occurring on the Premises.

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