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CLICK HERE FOR COUNTY COUNSEL'S REPORT DATED JANUARY 3, 2022
December 20, 2021

To: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Rafael Carbajal
Director

UPDATED FRAMEWORK AND RECOMMENDATIONS FOR REGULATING COMMERCIAL CANNABIS IN UNINCORPORATED LOS ANGELES COUNTY (ITEM NO. 2, AGENDA OF JULY 13, 2021)

On July 13, 2021, your Board instructed the Director of Department of Consumer and Business Affairs (DCBA) and its Office of Cannabis Management (OCM), in consultation with relevant departments, to revisit the 2017 report titled “Recommendations Report: Los Angeles County Advisory working Group on Cannabis Regulations” and report back with updated recommendations for cannabis retail, manufacture, distribution, growth, testing, regulation, and enforcement in Los Angeles County (County). The updated recommendations were to be rooted in an equity framework and consider environmental impacts to biological, ecological and water resources.

Since this motion was passed, OCM reconstituted its staff which included onboarding a new policy analyst and Program Chief. In addition, OCM convened County departments and partners, and met with various jurisdictions across the Country, industry stakeholders, and subject matter experts. The attached report is the result of extensive research and policy analysis, which also takes into account the significant commitments the County has made since 2017 to promote anti-racist and equitable practices.

RECOMMENDATIONS

Our recommendations seek to create an equitable program by addressing both the administrative infrastructure barriers that create inequitable outcomes, and the gap in educational, technical, and financial resources caused by systemic racism and exacerbated by the War on Drugs.
Thus, we highlight the need for a centralized and simplified licensing program that removes administrative barriers, and a strong and supportive compliance infrastructure through a streamlined Cannabis Licensing and Equity Approval Review (CLEAR) Process. CLEAR includes a Cannabis Business Concierge to provide technical assistance, system navigation, compliance support, and a review process based on a comprehensive look at its equity and community impact.

Our recommendations for a robust Equity Program provide real investments into education, job training, technical assistance, and capital for qualified candidates. This would be coupled with a Cannabis Working Group of subject matter experts and County Departments to track equity data, impacts of these regulations, and promote data-driven decision making.

In addition, we recommend launching the commercial cannabis program with a relatively low number of initial licenses with priority for Equity and Equity-building applicants with up to 25 retail, 25 delivery, 10 cultivation, 10 manufacturing, 10 distribution, and 10 testing licenses. This would allow the County to lead the program with equity, monitor and assess community impacts and efficacy of regulations, and build appropriate infrastructure to support expansion in the following years.

To prevent overconcentration of these businesses in low-income neighborhoods and a de facto ban throughout most of the County, we also recommend aligning zoning and buffering limits with State law and the County’s alcohol outlet zoning ordinances. This would allow retail in C-2, C-3, and manufacturing zones, and create a buffer of 600 feet for all sensitive uses. As research indicates, a well-regulated and compliant cannabis business can mitigate crime rates in its vicinity; therefore, we recommend these zoning ordinances be combined with strict security requirements, a strong compliance infrastructure, and a robust equity and/or community reinvestment plan.

Currently, unregulated cannabis businesses continue to proliferate and operate illegally within the unincorporated County. Despite widespread commercialization, cannabis is not a benign drug, and these unregulated businesses can and have created real harm to our communities. Through our recommendations, we hope to build a strong infrastructure upon which to create a healthy, sustainable, and responsible market that can disrupt the perpetuation of public health and safety disparities. This work will be challenging and requires a critical rethinking of the County’s administrative infrastructure, systems of care, the cannabis industry as a whole, and the County’s role therein. OCM is committed to participating in this process with the Board and our partners to create a healthier alternative.

**NEXT STEPS**

Should your Board decide to remove the ban on prohibition and allow a commercial cannabis market, DCBA is prepared to work with all affected Departments and
appropriate partners to provide an implementation and budget plan. Immediate next steps include onboarding a tax consultant to update projected revenue and help develop a tax structure; convening stakeholder and collaborative partners; development of appropriate ordinances and expanding OCM's capacity to implement this work.

Considering the complexity of the work and multiple moving parts, quarterly reports will be provided to your Board, with interim updates, as appropriate and necessary. This report will be consolidated with the biannual report regarding Cannabis Legalization (Items No. 3 and 9, Agenda of February 7, 2017) and the Implementation of the Unlicensed Cannabis Business Closure Plan (Item No. 20, Agenda of May 21, 2019), in order to update your Board on these overlapping issues in one comprehensive report.

Should you have any questions concerning this matter, please contact me or Hyunhye Seo, Chief of Office of Cannabis Management, at (213) 550-3971 or hseo@dcba.lacounty.gov.

RC:JA
HS:ev

Attachment

c:  
  Executive Office, Board of Supervisors  
  Chief Executive Office  
  County Counsel  
  Sheriff  
  District Attorney  
  Agricultural Commissioner/ Weights & Measures  
  Fire  
  Public Health  
  Public Works  
  Regional Planning  
  Treasurer and Tax Collector  
  Workforce Development Aging and Community Services
INTRODUCTION

On July 13, 2021, your Board directed the Department of Consumer and Business Affairs (DCBA) and its Office of Cannabis Management (OCM) to revisit the 2017 report titled “Recommendations Report: Los Angeles County Advisory Working Group on Cannabis Regulations”1 (“2017 Report”) and report back with updated recommendations that are rooted in an equity framework.

Following your Board’s directives, OCM convened meetings and worked with the Departments of Agricultural Commissioner/Weights & Measures (Ag), District Attorney (DA), Public Health (DPH), Treasurer & Tax Collector (TTC), Regional Planning (Planning), Fire, Sheriff, Public Works (DPW), and the Chief Executive Office (CEO) to discuss topics including equity, cultivation, enforcement, public safety, licensing, planning, and taxation. To gather best practices from other jurisdictions, OCM conducted extensive discussions with other jurisdictions licensing commercial cannabis including the State of California Department of Cannabis Control, City of Los Angeles, Long Beach, Sacramento, San Jose, Oakland, and Massachusetts. Furthermore, OCM also met with various industry stakeholders and subject matter experts, including the United Cannabis Business Association, Asian Americans for Cannabis, University of California Los Angeles Cannabis Research Initiative, and the Long Beach Collective Association.

In addition to the 2017 Report, we also referenced the following recommendations that were previously presented to your Board, including:

- June 19, 2018 OCM report, “Report and Analysis on Options to Implement a Policy Framework for Regulating Commercial Medical and Adult-Use Cannabis in Unincorporated Areas”2 (“2018 Recommendations”) which presented a policy framework and incorporated both Advisory Working Group Recommendations and community feedback from multiple public listening sessions.
- July 2019 Department of Public Health report, “Health Equity Implications of Retail Cannabis Regulations in Los Angeles County: Health Impact Assessment,”3 (“Health Impact Assessment”) which included policy recommendations that would promote public health and health equity.

These previous recommendations, rooted in public safety and health equity, remain salient and appropriate. Nonetheless, since 2018, the Los Angeles County (County) has further strengthened its commitment to pursuing Countywide policies that are rooted in anti-racism and address the complex intersectional issues of equity. Additionally, we have

3 http://publichealth.lacounty.gov/chie/reports/Cannabis_HIA_Final_7_15.pdf
gleaned lessons learned from many other jurisdictions that have implemented Social Equity programs over the last few years.

As a result, this report builds upon these previous reports and best practices to recommend significant infrastructure and program development that would create not simply an Equity Program, but an equitable program.

**REGULATORY FRAMEWORK**

Should the Board allow and regulate all or some types of medical and adult-use commercial cannabis activities, it may put into place an equitable framework that would provide a strong licensing and compliance infrastructure, priority licensing of Equity and Equity-building businesses (See Framework Component No. 2), and opportunities to create wealth for those that have been disproportionately impacted by the overcriminalization and over-commercialization of cannabis.

- **Framework Component No. 1:** Prepare appropriate ordinance amendments in the County Code to license and regulate commercial medical and adult-use cannabis businesses, including cannabis stores, delivery services, indoor and mixed-light cultivation, manufacturing, distribution, and testing laboratories in unincorporated areas; outdoor commercial cultivation will remain prohibited.

Ordinance amendments may include, but not be limited to, Title 8 - Consumer Protection, Business and Wage Regulations of the County Code for commercial cannabis facility public health permitting, and Title 7 - Business Licenses of the County Code to add a cannabis operator business license. This is consistent with 2017 recommendations, with the additional allowance of fully enclosed and secure structure cultivation that allows the use of mixed light, which would permit the use of natural light to offset high energy consumption typically associated with artificial lights. Microbusinesses and small-scale permits are also allowed.

<table>
<thead>
<tr>
<th>Commercial Cannabis Facility Types</th>
<th>Activity</th>
<th>Permit Types</th>
<th>Description</th>
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<tbody>
<tr>
<td></td>
<td>Cultivation</td>
<td>Cultivation–Indoor/Mixed Light</td>
<td>Authorizes the cultivation of cannabis in a fully enclosed facility that uses artificial, natural, or mixed light.</td>
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<td></td>
<td>Manufacturing</td>
<td>Manufacturer–General</td>
<td>Authorizes extractions using volatile or nonvolatile solvents and mechanical means, infusion operations, and the packaging and labeling of cannabis products.</td>
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<tr>
<td>Manufacturer – Processor</td>
<td>Authorizes the packaging, repackaging, labeling, and relabeling of cannabis products only.</td>
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<tr>
<td>Distribution</td>
<td>Distributor–General</td>
<td>Authorizes the transportation of cannabis and cannabis products between permitted cannabis businesses, storage of cannabis and cannabis products, packaging and labeling of cannabis, and quality control practices, including arranging for the sampling and testing of cannabis and cannabis products by an authorized cannabis testing laboratory.</td>
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<tr>
<td></td>
<td>Distributor–Transporter</td>
<td>Authorizes the transportation of cannabis products between permitted cannabis businesses, except that Distribution-Transporter permittees may not transport cannabis products to retailers other than immature plants and seeds from a cannabis nursery licensed by the State.</td>
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<tr>
<td>Retail</td>
<td>Retail–Store</td>
<td>Authorizes the sale of cannabis and cannabis products to consumers at a retail store.</td>
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<tr>
<td></td>
<td>Retail–Delivery</td>
<td>Authorizes the delivery of cannabis and cannabis products to consumers only. Permittees must maintain a physical location from which all deliveries will originate, which may be in conjunction with a retail store or may be operated independently as a delivery-only retailer.</td>
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<tr>
<td>Laboratory Testing</td>
<td>Laboratory</td>
<td>Authorizes the testing of cannabis and cannabis products for quality and potency, as well as the sampling of cannabis and cannabis products at a distributor’s premises and the transportation of the samples to the testing facility.</td>
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- **Framework Component No. 2:** Prepare ordinance amendments in the County Code to permit up to 25 cannabis store permits, 25 cannabis delivery permits, 10 cultivation permits, 10 manufacturing permits, 10 distribution permits, and 10 testing laboratory permits in the first two years of program launch, with priority given to Equity and Equity-building applicants (e.g. incubators, cooperatives, non-profit mutual benefit corporations, and businesses that incorporate robust community reinvestment models, employee stock option plans and/or other equity promoting practices)
The number of permits is low in comparison to the number of current illegal businesses in unincorporated County and licensed cannabis businesses currently operating in neighboring jurisdictions. For further comparison, the 2019 Health Impact Assessment recommended a limit of no more than one retail outlet per 10,000-15,000 residents, or 66-100 in unincorporated County. However, per your Board’s directive in November 2017 and consistent with the 2018 Recommendations, a strategic phased-in approach would allow the County to monitor and assess community impacts and efficacy of regulations. Additionally, it would give the County time to build its licensing infrastructure and implement its Equity Program to support a better equipped pool of applicants.

The first set of permits would be reserved exclusively for Equity and Equity-building applicants. **Equity-building applicants** are applicants that may not qualify as an Equity Applicant but have robust equity-promoting practices that can lay the groundwork for an equitable cannabis market.

- **Framework Component No. 3:** Prepare an ordinance amending Title 22 – Planning and Zoning of the County Code to allow cannabis retailers, delivery, and testing laboratories in C-2 and C-3 commercial and manufacturing zones, and allow all other cannabis businesses in manufacturing zones only; and require cannabis retailers to be located not less than 600 feet from schools (K-12), day cares, public parks, and public libraries; and requires all other commercial cannabis business activity to be located not less than 600 feet from schools, day cares, public parks, and public libraries.

The zoning and buffering recommendations from 2018 limited businesses to industrial and industrial-adjacent areas, which tend to be lower income neighborhoods in the First and Second Supervisorial Districts, and in the Antelope Valley in the Fifth Supervisorial District. While this was designed to address community concerns about cannabis retail outlets, it creates a de facto ban in most parts of the County and a concentration of businesses in very limited areas of the County, particularly if the Board chooses to expand the number of permits beyond Year 2.

To address these issues, OCM recommends updating these zoning and buffering limits to align with State law and the County’s alcohol outlet zoning ordinances. This would allow cannabis businesses in C-2 and C-3 zones and create buffers of 600 feet for all listed sensitive uses. These recommendations should be combined with strict security requirements for all licensed businesses, a strong compliance infrastructure, and a robust equity/community plan that would benefit the local community as various research have

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shown that a well-regulated and compliant cannabis business can mitigate and even improve crime rates in its neighborhood.

- **Framework Component No. 4:** Direct relevant County departments, including DCBA, DPH, TTC, Fire, Planning, Ag, Sheriff and DPW to create an efficient and streamlined licensing and permitting process (“Cannabis Licensing and Equity Approval Review (CLEAR) Process”) and a “Cannabis Business Concierge” that minimizes administrative barriers and response time, works in alignment with State and other licensing agencies, and creates a supportive compliance infrastructure that fosters healthy and responsible market in Los Angeles County.

A burdensome and prolonged licensing process is a widespread challenge that is particularly detrimental to Equity Applicants and small business owners and favors businesses with large financial and economic capital. Framework Component No. 4 includes the creation of a streamlined interdepartmental administrative review process that would certify that an applicant has met all minimum requirements, including public health permits and business license application requirements. To help navigate through the multiple requirement processes, a Cannabis Business Concierge may be appointed to applicants. Additionally, CLEAR Process may include a quasi-judicial panel with the delegated authority necessary to approve cannabis business applications that meet basic licensing requirements, taking into account various Equity-building and environmental impact considerations.

The CLEAR Process will be guided by predetermined standards and a grading system that rates the applicant’s impact on its neighborhood as well as its equity-building impact, such as local or equitable hiring, workforce training, mentoring, equity ownership, community reinvestment plans, and more. The CLEAR Process does not replace the existing authority and responsibility of the Business License Commission, the Public Health Officer, or any other departmental responsibilities in approving and ensuring code compliance. OCM will work closely with all impacted departments to ensure the County can build on existing processes and resources to create a process that can produce licensing decisions within a reasonable period, coordinate with State and other licensing agencies, and reduce redundancies.

OCM and the Cannabis Working Group (See Framework Component No. 6), will continuously monitor and provide feedback to ensure that this process is not unduly burdensome, delayed, or otherwise obstructive for the establishment of a legal and responsible market. Accordingly, the CLEAR Process and governance should be designed with vested authority to respond to this feedback and be adjusted according to best practices after initial implementation.

Additionally, due to the highly regulated nature of cannabis business activities, a robust compliance infrastructure is necessary to incorporate licensing decisions, conditions,
notices and appeals to facilitate and promote compliance. This includes the ability to respond quickly to complaints, investigate, and enforce code violations. This system should also be able to quickly adapt to changing State law and federal guidelines, respond to community and stakeholder feedback, and make expedited referrals to technical assistance, enforcement, or other resources as appropriate.

- **Framework Component No. 5:** Develop a robust Cannabis Equity Program that provides training, education, pro bono legal assistance, technical assistance, referrals and other potential pathways to jobs, ownerships, and ancillary economic opportunities within and outside of the cannabis industry as appropriate; convene a public workshop and elicit stakeholder feedback; work with local nonprofits, philanthropy, colleges and universities, and other public and private partners to leverage and expand equitable commercial cannabis business opportunities.

Since the widespread legalization and commercialization of cannabis, many jurisdictions have implemented “Social Equity Programs” that offer priority licensing opportunities for those that have been disproportionately impacted by the War on Drugs. Analyses of these programs have consistently shown that an expansive range of technical, legal, and financial assistance programs are also necessary to help these applicants succeed in one of the most highly regulated and variable industries. While OCM will work closely with all relevant departments and jurisdictions (including Workforce Development, Aging and Community Services (WDACS), ATI, etc.) and partners (nonprofits, philanthropy, bar associations, trade and industry organizations) to leverage existing opportunities, significant investment into a robust Equity Program is necessary to promote an equitable, diverse, and inclusive cannabis marketplace that builds pathways to jobs, entrepreneurship, and wealth in these communities.

- **Framework Component No. 6:** Create a Cannabis Working Group of appropriate County Departments (including, but not limited to, DPH, Planning, ARDI, Public Defender, District Attorney, OCM), subject matter experts, and other relevant stakeholders, with the authority to collect and track appropriate data, and issue periodic public reports evaluating the effectiveness of the County’s Cannabis Licensing and Equity Program, the impacts of cannabis legalization on health equity and County neighborhoods, disparities in the civil and criminal enforcement of cannabis laws, environmental and sustainability impact of cannabis businesses; and make recommendations on the permitting and licensing of commercial cannabis activities for Year 2 and beyond.

The Cannabis Working Group will consist of subject matter experts to monitor, advise, and publicly report on the health, economic, social, and environmental equity impacts of the County’s programs and policies. This includes partnerships with universities, philanthropic partners, researchers, and other external subject matter experts. Data collection infrastructure and authority should be funded and built-in as early as possible.
The Cannabis Working Group may make recommendations on the phased-in expansion of cannabis licenses beyond Year 2 by incorporating this analysis.

BUILDING AN EQUITABLE PROGRAM

For equity participants to succeed in the legal cannabis market, both the individual and the industry must be allowed to succeed. Strong and adaptive regulatory infrastructure with low barriers, robust education and assistance programs, and other supportive resources are necessary. Furthermore, the creation of a prosperous market must be balanced against public health and safety considerations to mitigate further health and social disparities which can be exacerbated by the over-commercialization of cannabis. An equitable program promotes entrance into and sustainability of a healthy and responsible cannabis industry.

High barriers and costs of entry into the cannabis market perpetuate disparities within the industry. Although accurate ownership data is difficult to measure, a 2021 report by Leafly, “Seeds of Change” notes that only two percent of cannabis companies are owned or co-owned by Black Americans.

A cannabis licensing program that is rooted in an equity framework should offer education, training, and access to networks that increase pathways to majority participation, ownership, and opportunities to build generational wealth.

Eligibility Requirements and Equity Assessment

Equity programs around the country often use one or a combination of the following criteria as a minimum eligibility requirement: residency in an area of disproportionate impact for a predetermined number of years, low-income status, a prior cannabis conviction, or a prior cannabis conviction of an immediate family member. The County also has opportunities to build upon the work of ARDI, DPH Healthy Places Index, and other programs to align with the ongoing work of the County.

To inform the creation of an Equity Program and identify which individuals and communities have been most adversely impacted by cannabis prohibition, many local governments have conducted an “Equity Assessment.” Per the State of California Cannabis Equity Grant Program, an Equity Assessment may include:

- Reference to local historical rates of arrests or convictions for cannabis law violations;
- Identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction; and

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• Other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by the War on Drugs.

Should your Board choose to implement, OCM will work with your Board and relevant stakeholders to determine the scope of the Equity Assessment and identify optimal eligibility criteria for the Program.

**Key Components**

Below is a summary of key components the County may incorporate into an effective Equity Program to reduce the most persistent barriers for Equity Applicants:

1. **Priority Licensing**

Considering the relatively low number of licenses at the onset of the program, it is recommended that these licenses are reserved exclusively for Equity and Equity-building Applicants.

Equity-building Applicants are applicants who may or may not qualify individually as Equity Applicants but can provide substantial resources and commitment to support equity. These may include incubation programs that provide space, training and/or funding for a significant number of Equity Applicants, cooperatives or companies with Employee Stock Ownership Plans, nonprofits, and other entities that have a robust community-first reinvestment plan.

Because many Equity Applicants may lack immediate access to resources to apply in Year 1, providing licenses to Equity-building applicants will allow the County to start developing the infrastructure to educate and build the next rounds of competitive applicants.

2. **Business Development and Technical and Legal Assistance**

Jurisdictions which have implemented cannabis social equity programs have regularly encountered a gap between their eligible priority population and its access to the education, training or experience necessary to operate a successful business. Accordingly, the County should provide these applicants access to business development education to enhance their chances of success. These resources can provide Equity Applicants a foundational knowledge of business principles such as strategic planning, developing a business plan, financial management, marketing, and labor issues that can be utilized beyond the cannabis industry.
In addition, the cannabis industry is highly regulated by constantly evolving State and local laws. As a result, effectively navigating the permitting and licensing process and remaining in compliance requires specialized knowledge and experience most applicants are unlikely to possess. This also puts them at risk of predatory practices. Accordingly, many jurisdictions provide pro bono technical and legal assistance, including contract review, business plan development, and financial planning.

The County may expand many of its existing small business development and consumer protection/fraud prevention services to these Applicants. Additionally, OCM can partner with local community colleges, bar associations, and other nonprofit partners to expand available resources.

3. Job Training and Workforce Development

The economic opportunities expand beyond business ownership. There is no official data for the number of people working in the cannabis industry; however, one industry source\(^6\) estimates that this industry supports 321,000 full-time jobs in the US, and this number is expected to increase to as much as 575,000 by 2024.\(^7\) These jobs include a wide range of expertise and skills, including cultivation technicians, trimmers/packers, delivery drivers and logistic coordinators, digital marketing and e-commerce, lab technicians, and directors of Human Resources. These figures also do not include ancillary opportunities associated with the growing cannabis industry, such as contractors and technicians.

Nonetheless, disparities persist within these employment opportunities as well. For example, in a Massachusetts survey, only 13.7 percent of cannabis employees who responded was identified as African American or Hispanic/Latino.\(^8\) This compares to the State’s general population which is 21.4 percent Black/African American and Hispanic/Latino.\(^9\) Furthermore, despite the prevalence of Social Equity programs in many jurisdictions, a recent survey of cannabis workers showed that only about 7.5 percent of respondents self-reported as a Social Equity job candidate.\(^10\)

The County can seek to increase workforce diversity and employment opportunities in communities disproportionately impacted by cannabis prohibition by funding and targeting recruitment efforts and job training programs in these areas. Cannabis vocational programs, such as educational and scholarship opportunities for those interested in cannabis business, law, agriculture, or research can help these applicants build valuable job skills. Such programs, in combinations with licensing requirements that

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\(^7\) https://mjbizdaily.com/chart-us-cannabis-employment-could-climb-nearly-50-in-2020-surpassing-computer-programmers/

\(^8\) https://opendata.mass-cannabis-control.com/stories/s/Agent-and-Owner-Registration/49ku-9nf3

\(^9\) https://www.census.gov/quickfacts/MA

\(^10\) Vangst Cannabis Industry Salary Guide, 2020
incentivize internships, mentorships, and equitable hiring, could help right-size the disparities within the industry.

Should your Board decide to move forward, it is recommended that OCM work closely with WDACS and other appropriate Departments, community colleges and other partners to create a robust job training and workforce development programs.

4. Financial Assistance/Access to Capital

According to the Long Beach Collective Association cannabis business start-up costs run between approximately $690,000 to $2.1 million with a Manufacture Type 6 start-up being the least expensive and cultivation the most expensive. Generally, limited access to capital is the greatest barrier to market entry for disadvantaged businesses in any industry; this is especially true in the cannabis industry where banks are reluctant to lend money because of the drug’s Schedule I status with the federal government.

Financial assistance for Equity Applicants may include reduced permitting and licensing fees, low- or no interest loans, and grants. (As other jurisdictions have seen considerable challenges collecting loan repayments, grants are preferable.) Funding for these programs is often a combination of special tax revenues, State grants, and allocations from the general budget; potential philanthropic and public/private partnerships can also be explored.

Additionally, OCM will continue to track legislation and industry actions related to banking for cannabis businesses and provide recommendations as appropriate. A growing number of banks and credit unions currently offer banking services for cannabis industries with legal safeguards provided by the State, and potential federal action could further broaden the availability of banking services for the cannabis industry.

5. Incubation Opportunities

Incubators provide an array of services such as workspace, mentorship, education, and access to investor capital to support startups through the critical growth stages of an enterprise. Incubators allow entrepreneurs to develop their idea and business model while operating at a lower cost.

Some local governments have implemented incubator programs as an additional tool to help reduce barriers for fledgling Equity Applicants. The city of Oakland’s incubator

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11 https://thelbca.com/long-beach-equity-information-and-resources/
12 A license type for non-volatile solvent manufacturing or mechanical extraction
13 California Business and Professions Code section 26260 affirms that banks that serve cannabis businesses have not committed a crime under California law
14 SAFE Banking Act of 2021 (H.R. 1996) would prohibit federal banking regulators from restricting financial institutions from providing banking services to legitimate cannabis businesses. Currently passed in House.
program requires incubators to provide Equity Applicants a minimum of 1,000 square feet of rent-free space to conduct its business operations for three years. San Francisco requires incubators to offer Equity Applicants either rent free space or technical assistance for a minimum of three years. Oakland cited the incubation program as their most effective tool for supporting Equity Applicants because it eliminates one of the most prohibitive barriers: acquiring commercial or industrial space.

County may provide a range of incentives for these programs, and/or take an active role in providing space and opportunities for incubation.

Should your Board move forward to develop a robust Equity program, OCM will convene stakeholders for program development and explore how County may leverage its existing small business development and job training programs, apply for State and other grant funding, and partner with philanthropic and educational partners.

**TAXATION**

Proposition 64 imposes new State taxes on cannabis. The measure also allows local governments to establish their own taxes on cannabis consistent with existing State law. Explicit authority is granted to counties to levy a tax on cultivating, manufacturing, producing, processing, preparing, selling, or distributing cannabis, pursuant to existing voter-approval requirements. Under these voter approval requirements, general taxes, which are taxes imposed for general governmental purposes, must be submitted to the electorate, and approved by a majority vote. A special tax, which is any tax imposed for specific purposes, must also be submitted to the electorate, and approved by a two-thirds vote. The governing body of the local government must propose by resolution or ordinance proposing a tax, which must include the type of tax and rate of tax to be levied, the method of collection, the date upon which an election shall be held, and, if a special tax, the purpose or service for which its imposition is sought.

In the 2018 Recommendations an analysis conducted by the Marijuana Policy Group estimated cannabis tax revenues of approximately $18.3M in 2019 (first year of legalization) increasing up to $33.9M by 2023 or year four of legalization. However, these projections make several assumptions: a countywide tax on cannabis sales up to 0.5 percent and 10 percent in the unincorporated areas; a quick rollout of 40 retail licenses that captures about 62 percent of the market in the unincorporated areas; and follow the sales growth trends of the legal cannabis markets in Colorado and Washington.

These projections need reconsideration for several reasons: the difficulty of instituting substantial additional taxes on an already highly-taxed industry; the complexities of implementing a Countywide tax; limited number of initial licenses; and a thriving illicit and competitive legal market in neighboring jurisdictions.
Therefore, OCM recommends that a tax consultant is brought onboard within 60 days to conduct a new study to derive updated revenue projections and develop a Countywide cannabis tax scheme.

Revenue Allocation

The 2018 Recommendations proposed a tax revenue allocation that would require a special tax and two-thirds majority vote for approval:

- 50% to science-based youth and young adult access prevention, intervention, and treatment
- 15% to an “Equity Fund” to support Equity Applicants
- 10% to Los Angeles based community colleges and nonprofit vocational schools for job training, workforce development, and workforce programs
- 5% to programs in communities where licensed and unlicensed cannabis businesses are located

While these recommendations may be maintained once a certain revenue threshold is reached, studies of other jurisdictions show the critical need to reinvest revenue to expand a strong administrative and compliance infrastructure and cannabis licensing program within the first five years. Furthermore, the recommendations contained in this report require greater Equity and needs-based investment into resources for applicants, small businesses, and communities, particularly for those disadvantaged by cannabis-related outcomes. OCM recommends that this revenue allocation is reconsidered in a stakeholder process that accounts for the programming and service needs identified in this report and updated equity priorities.

UNLICENSED BUSINESSES ENFORCEMENT

Since the 2016 establishment of the Medical Marijuana Dispensary Enforcement Team (MMDET) and the multi-departmental collaborations of the Cannabis Crime Abatement Team (C-CAT) Nuisance Abatement Team (NAT), recently renamed as the Cannabis Consumer Health & Safety Taskforce (CCHST), continuous effort has been put towards combating the illicit cannabis market, particularly illegal grows and nuisance retailers that create significant safety and quality-of-life harm to communities. Nonetheless, a “whack-a-mole” cycle of noncompliance continues, and the number of reported retailers has only increased since the 2017 Report (75 to 152 today).

Strategies since have included public education, outreach, increased enforcement, legislative advocacy, and pilot programs to address repeat offenders. However, these have had a limited impact. County departments, including County Counsel and Sheriff, have limited resources dedicated to illicit cannabis enforcement; the public and political appetite for criminal enforcement strategies has increasingly waned; and perhaps most
importantly, the amount of profit that illicit businesses make far outweigh the potential risks.

While the County’s establishment of legal cannabis businesses will not immediately eradicate unlicensed businesses, it will allow the County to access additional State funding for enforcement, expand strategies to shift consumer demand to the licensed market and its safer products, and develop a consistent compliance and enforcement strategy more aligned with the public demand to end the criminalization of cannabis and related activities. Additionally, the County is pursuing several civil and administrative enforcement strategies, such as an expanded nuisance abatement ordinance, to expand its enforcement options.

Furthermore, if your Board chooses to implement a robust Equity Program, OCM will work with the District Attorney, Public Defender, Alternatives to Incarceration, Office of Diversion and Reentry and other stakeholders to find diversion and reentry opportunities to certain low-level, non-repeat offenders (such as budtenders, delivery drivers, etc.), and promote entry into the legal workforce and market.

Both public safety and the sustainability of a legal market necessitates enhanced enforcement against unlicensed businesses. More consistent and targeted resources are needed to effectively address this issue. OCM will continue to work closely with relevant stakeholders to develop holistic strategies and opportunities that align with the priorities of your Board.

PUBLIC HEALTH, EDUCATION AND OUTREACH

The public safety and wellbeing of our community remains a focal point in establishing an equitable transition to the legal market. Despite widespread legalization and utilization, cannabis is not a benign drug and the science lags greatly behind its use. Additional outreach programs will be needed to educate the public about responsible medical and recreational use, the difference between licensed and unlicensed cannabis businesses, and other cannabis related questions. Other public health measures will also include components such as clear graphic warnings for packaging and labeling, age verification by a third-party independent entity to prevent youth access, and the prohibition of billboard advertising that make false public health claims. Additionally, expansion of prevention, treatment, and recovery options for substance use disorders, including cannabis use disorders, are necessary to mitigate potential harms from commercialization of cannabis activities.

OCM and DPH will also expand its efforts to work with incorporated cities and support policies Countywide that promote cannabis retailer compatibility with existing neighborhoods, safer products, health equity, and responsible adult use. This would include further expansion of the Emblem Program, wherein incorporated cities can
contract with the County to inspect cannabis retailers and provide signage indicating passing inspection.\textsuperscript{15}

OCM will work closely with appropriate County departments, research institutions and other partners to promote public education and outreach, and develop data tools such as cannabis density reports for measuring cannabis metrics, continuous improvement, and effective implementation of retailer programs.

**CANNABIS CULTIVATION AND ENVIRONMENTAL IMPACT**

A key piece in considering cannabis cultivation is its impact on the environment. Large-scale illegal cultivation in the Antelope Valley and other rural areas have created significant environmental harm. Even legal cultivation can involve substantial amounts of energy, water, and waste.

Nonetheless, there are many legal and established cultivators that incorporate responsible practices to reduce the harmful impact on the environment and the community. Best practices for environmental sustainability in the cannabis field also continue to be developed by well-established researchers and institutions like the University of California, Berkeley. Additionally, many jurisdictions across the State that have allowed wide-scale cultivation have started to advocate for regulating cannabis plants like other agricultural products, which would facilitate administrative and regulatory ease in controlling waste management, pesticide use, and other agricultural standards.

While OCM continues to monitor these developments, we recommend that up to 10 cultivation licenses are issued for only those businesses that can show significant experience and knowledge in sustainable and responsible cultivation. Ongoing monitoring of cannabis cultivation’s environmental impact and an assessment of need will inform future expansion.

**BUDGET AND FUNDING**

These goals will require extensive cross-collaboration with various County departments, and partnership with local and regional nonprofits and institutions, private industry partners, and community stakeholders. Should your Board decide to lift the ban on commercial cannabis, OCM will work to leverage existing County programs and resources, and access available grants and philanthropic funding; however, creating an equitable program would require significant investment of resources. Some immediate funding needs include the following:

\textsuperscript{15} Currently LA County contracts with the cities of Lancaster, Culver City, and El Monte. Contracts are pending with cities of Malibu, Baldwin Park, and Los Angeles.
• Additional staffing in the DCBA Office of Cannabis Management to develop Equity Programming, implement regulatory framework, conduct public meetings, respond to public requests, coordinate CLEAR Process and Cannabis Concierge, accept and review applications, and enforce the cannabis regulatory framework.
• Upgraded case processing and tracking software for the Treasurer and Tax Collector.
• Dedicated staff for cannabis programs at County Counsel and other impacted departments, including compliance and enforcement units.
• Funding and staffing for Equity Program components, such as job training, technical assistance, and grant administration.

If your Board decides to allow and regulate commercial cannabis, OCM will work with CEO and all affected departments and stakeholders to provide your Board with detailed budgetary impacts.

NEXT STEPS

Upon Board direction, OCM is prepared to move forward immediately with necessary next steps, including, but not limited to:

Short term (30-180 days):

• Work with CEO to onboard tax consultant and return with tax scheme recommendations incorporating consultant study and community feedback.
• Work with CEO to identify immediate staffing and funding plan for OCM to implement next steps.
• Convene partners to conduct Equity Assessment, determine eligibility criteria.
• Work with partners to develop robust Equity Program, including implementation and budget plan.

Mid term (6 months—1 year)

• Work with County Counsel, CEO, and other departments to return to your Board with appropriate amendment language, budget and plan to implement Regulatory Framework Components.
• Convene regular stakeholder meetings and launch ongoing community engagement to ensure public education and outreach.
• Solidify Year 1 licensing infrastructure, including interdepartmental Cannabis Concierge and CLEAR Process, licensing requirements and standards.
• Launch Equity Programming upon Board approval of budget and implementation plan.
• Implement appropriate steps to institute recommended and Board-approved taxation structure.
Long term (Year 1 and beyond)

- Launch Year 1 Cannabis application program.
- Continue stakeholder and community engagement.
- Expand Emblem program.
- Launch Cannabis Working Group, and track and monitor data to inform next-step expansion of cannabis licensing and programming.
- Continued monitoring and expansion of Equity Program.

Considering the complexity of the work and multiple moving parts, OCM will provide quarterly reports back to your Board, with interim updates as appropriate and necessary. This report will be consolidated with the biannual report regarding Cannabis Legalization (Items No. 3 and 9, Agenda of February 7, 2017) and the Implementation of the Unlicensed Cannabis Business Closure Plan (Item No. 20, Agenda of May 21, 2019), to update your Board on these overlapping issues in one comprehensive report.
January 3, 2022

TO: SUPERVISOR HOLLY MITCHELL, Chair
SUPERVISOR HILDA L. SOLIS
SUPERVISOR SHEILA KUEHL
SUPERVISOR JANICE HAHN
SUPERVISOR KATHRYN BARGER

FROM: RODRIGO A. CASTRO-SILVA
County Counsel

RE: Proposed Administrative Nuisance Abatement Ordinance for Unpermitted Commercial Cannabis Activity and Cannabis Enforcement

Purpose of Memorandum

This is in response to your Board's July 13, 2021 motion directing County Counsel in consultation with the Department of Consumer and Business Affairs' Office of Cannabis Management, the Sheriff's Department ("LASD"), and the Departments of Regional Planning and Agricultural Commissioner/Weights and Measures, to report back in 90 days with a proposed administrative nuisance abatement ordinance for unpermitted cannabis activity, including cannabis cultivation and dispensaries.

Summary

After consulting with the various departments, County Counsel drafted the attached proposed administrative nuisance abatement ordinance to address unpermitted commercial cannabis activity in the unincorporated areas. The proposed ordinance amends Title 8 - Consumer Protection, Business and Wage Regulations, Division 2 - Business Regulations of the Los Angeles County Code by adding Chapter 8.44 (Abatement of Unpermitted Commercial Cannabis Activity) ("Ordinance") which:

1. Declares any unpermitted commercial cannabis activity within the unincorporated areas of the County to be unlawful and a public nuisance;
2. Establishes administrative procedures for the abatement of a public nuisance, including an opportunity to appear and be heard before abatement of the nuisance by the County; and

3. Establishes administrative procedures for imposing penalties and costs of abatement.

Background

The Los Angeles County Code prohibits all commercial cannabis activity within the County's unincorporated areas, including the establishment, maintenance, and operation of any commercial cannabis business activity, and the renting or leasing of, or allowing the property to be used for that purpose in all zones. However, as reported to your Board, the County continues to discover and address unpermitted cannabis dispensaries in the unincorporated areas. Despite the efforts of numerous County departments, the growth of unpermitted cannabis dispensaries continues to outpace enforcement efforts. Moreover, the Antelope Valley is experiencing a significant proliferation of unpermitted cannabis cultivation, which consumes large quantities of water typically obtained by diverting and stealing water resources.

Proposed Nuisance Abatement Ordinance

1. Unpermitted Commercial Cannabis Activity - Unlawful and a Public Nuisance

The Ordinance makes it unlawful and a public nuisance to conduct unpermitted commercial cannabis activity, including the cultivation or sale of cannabis, and the possession of any fixtures and equipment used to support the unlawful activity. Violation of any provision of the Ordinance may subject a person to administrative enforcement, and to civil and criminal prosecution. The Ordinance does not regulate personal use of cannabis, or industrial hemp.

2. Administrative Abatement Procedure

Your Board is authorized by California Government Code section 25845 to establish a procedure for the abatement of a nuisance. The goal of the Ordinance is to allow the County to abate the nuisance and dismantle the infrastructure used to support unpermitted cannabis dispensaries and cultivation sites. The proposed nuisance abatement procedure, as outlined below, would enable the County to abate the nuisance of unpermitted commercial cannabis activity through an administrative process by removing and/or destroying the cannabis and associated infrastructure:

(a) As provided by law, LASD would execute a search warrant to obtain evidence of unpermitted commercial cannabis activity;
(b) LASD would refer the case to a County enforcement official (identified in the Ordinance as the "Issuing Department");

(c) The Issuing Department would serve a notice of violation and order to abate the unpermitted commercial cannabis activity to the property owner and/or anyone having an interest in the property, including any known occupant(s), with a deadline of 10 days to abate the unpermitted commercial cannabis activity;

(d) If the unpermitted commercial cannabis activity persists beyond the 10-day deadline, the property owner and any known occupant(s) would have an opportunity to be heard at a hearing before the County abates the nuisance and removes and/or destroys the cannabis and associated infrastructure;

(e) Based on evidence presented, the hearing officer would decide whether to authorize the County to abate the nuisance and whether the property owner will be responsible for the costs of abatement;

(f) If an abatement order is issued, the County would seek an abatement warrant from the Superior Court to allow entry onto the property to carry out the abatement; and

(g) After the court issues the abatement warrant, the County could enter the property to abate the nuisance, including removing and/or destroying the infrastructure, and securing the premises.

Government Code section 25845 requires that the owner and occupant be given an opportunity to appear before your Board and be heard before the County abates the nuisance. The Ordinance provides three options to allow for an opportunity to be heard before abatement.

Option One: an administrative hearing officer may be appointed by the Issuing Department to hold a hearing, prepare written findings, and if the hearing officer determines a nuisance exists, and that it should be abated by the County, the matter is then scheduled before your Board for final determination. The matter would be placed on your Board's agenda as a public hearing item, the owner and occupants would be given the opportunity to present evidence, and your Board would make a decision and direct County Counsel to prepare written findings, which would then come back to your Board for approval.
Option Two: your Board may formally designate a three-person hearing board to hold a hearing, prepare written findings, and make a written recommendation. Your Board would then have the option of adopting the recommendation at a public hearing, or set the matter for a new hearing with presentation of evidence.

Option Three: your Board may adopt an ordinance establishing the Office of County Hearing Officer under Government Code section 27720. If established, the Office of County Hearing Officer would conduct the hearing, prepare written findings, and issue a written decision that would be final. No further action by your Board would be necessary.

After any of the three administrative hearings described above, the property owner or occupant could challenge the final decision by initiating a writ proceeding before the Superior Court.

3. Administrative Penalties and Abatement Costs

The Ordinance also authorizes administrative penalties of $2,500 for each day the unpermitted commercial cannabis activity remains unabated, and allows the County to recover the costs of abatement. The Ordinance provides for an opportunity to be heard regarding the administrative penalties and costs. The process for challenging penalties and costs is different from challenging abatement of the unpermitted commercial cannabis activity because State law does not require your Board to hold hearings on penalties and costs, and because the penalties and costs are imposed after the abatement has occurred. The penalties and costs hearings may be held by a hearing officer appointed by the Issuing Department. After the hearing officer issues a final decision on the penalties and costs, the decision may also be challenged in Superior Court.

Conclusion

The adoption of the Ordinance would provide the County with additional tools to address the proliferation of unpermitted cannabis dispensaries and cannabis cultivation.

RCS:SJS:ab

Attachment

c: Honorable Alex Villanueva, Sheriff
Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Kurt E. Floren, Director, Agricultural Commissioner/Weights and Measures
Rafael Carbajal, Director, Department of Consumer and Business Affairs
Amy Bodek, Director, Department of Regional Planning
ATTACHMENT
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 8.44 (Abatement of Unpermitted Commercial Cannabis Activity), which:

(1) Declares any unpermitted commercial cannabis activity within the unincorporated areas of the County of Los Angeles to be unlawful and a public nuisance;

(2) Establishes administrative procedures for the abatement of a public nuisance, including an opportunity to appear and be heard before the County abates the nuisance; and

(3) Establishes administrative procedures for imposing penalties and costs of abatement.

RODRIGO A. CASTRO-SILVA
County Counsel

By SARI STEEL
Principal Deputy County Counsel
Affirmative Litigation & Consumer Protection Division

SS:ab
Requested: 09-07-2021
Revised: 12-27-2021
ORDINANCE NO. _____________

This ordinance establishes the procedures for abatement of a public nuisance and imposition of related penalties and costs resulting from Unpermitted Commercial Cannabis Activity.

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

SECTION 1. Chapter 8.44 is hereby added to read as follows:

Chapter 8.44 Abatement of Unpermitted Commercial Cannabis Activity

8.44.010 Purpose and Title.
8.44.020 Definitions.
8.44.030Declared Unlawful and a Public Nuisance.
8.44.040 Notice of Violation and Order to Abate.
8.44.050 Contents of Notice of Violation and Order to Abate.
8.44.060 Service of Notice of Violation and Order to Abate.
8.44.070 Recordation of Notice of Pending Nuisance Abatement.
8.44.080 Administrative Review Hearing Before Abatement by County.
8.44.090 Enforcement.
8.44.100 Abatement by Owner(s) or Occupant(s).
8.44.110 Liability for Costs of Abatement.
8.44.120 Notice of Costs of Abatement; Request for Hearing.
8.44.130 Collection of Costs of Abatement; Special Assessment and Lien.
8.44.140 Notice of Administrative Penalty; Request for Hearing.
8.44.150 Contesting the Costs of Abatement and Administrative Penalties.
8.44.160 Hearing Procedures.
8.44.170 Subsequent Violation Costs.
8.44.180 Non-exclusive Remedies and Penalties.
8.44.010  Purpose and Title.

This Chapter establishes administrative procedures to abate a public nuisance from Unpermitted Commercial Cannabis Activity and recover abatement costs. The administrative procedures include an opportunity to appear and be heard before the County abates the nuisance. This Chapter also establishes administrative procedures to impose penalties related to Unpermitted Commercial Cannabis Activity.

8.44.020  Definitions.

For the purposes of this Chapter, the following definitions apply:

A. "Administrative Hearing Officer" means the person appointed by the Issuing Department to conduct the administrative proceedings under sections 8.44.080, 8.44.120, and 8.44.140 of this Chapter.

B. "Board of Supervisors" or "Board" means the Board of Supervisors of the County of Los Angeles.

C. "Cannabis" means all parts of the plant Cannabis Sativa Linnaeus, Cannabis Indica, or Cannabis Ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, Manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant incapable
of germination. "Cannabis" does not mean "industrial hemp" as defined by section 11018.5 of the Health and Safety Code.

D. "Cannabis Product" means cannabis that has undergone a process through which the plant material has been transformed into a concentrate, including concentrated cannabis, or an edible or topical product containing cannabis, or concentrated cannabis and other ingredients.

E. "Commercial Cannabis Activity" means and includes the Cultivation, possession, Manufacture, Distribution, processing, storing, Laboratory Testing, packaging, Labeling, transportation, Delivery, or Sale of Cannabis and Cannabis Products, and possession of any fixtures and equipment used for Commercial Cannabis Activity, including storage structures, hoop structures, greenhouses and frames, irrigation lines, pesticides, fertilizers, and tents. "Commercial Cannabis Activity" does not mean Cannabis used for personal purposes allowed under State law.

F. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of Cannabis.

G. "Delivery" means the commercial transfer of Cannabis or Cannabis Products to a customer. "Delivery" also includes the use by a retailer of any technology platform owned, leased, or controlled by the retailer.

H. "Distribution" means the procurement, Sale, and transport of Cannabis and Cannabis Products.

I. "Enforcement Officer" means any County employee or agent of the Issuing Department.
J. "Hearing Board" means the County board delegated by the Board of Supervisors to conduct and preside over the administrative abatement proceedings under Government Code section 25845 and this Chapter.

K. "Hearing Officer" means and includes the Hearing Board, or the Office of County Hearing Officer, as defined in this section, or the Board of Supervisors, who may conduct and preside over the administrative abatement proceedings under this Chapter.

L. "Issuing Department" means the County department that issues a notice of violation and order to abate Unpermitted Commercial Cannabis Activity and/or a notice of violation and administrative penalty, and administers and enforces this Chapter.

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

N. "Laboratory Testing" means a laboratory, facility, or entity that offers or tests Cannabis or Cannabis Products.

O. "Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a Cannabis Product.

P. "Office of County Hearing Officer" means the office to which the Board of Supervisors has delegated its authority, by ordinance, if it so elects, to conduct the administrative hearings under Government Code sections 25845 and 27720, and this Chapter.
Q. "Occupant" means any Person(s) with possession, use, or apparent control of the Premises.

R. "Owner" means one or more individuals, Person(s), partnerships, or corporations holding any interest in the title of the property where the Commercial Cannabis Activity is being conducted.

S. "Person" means natural persons, corporations, unincorporated associates, estates, trusts, and any other legal entities, including the Owner(s), majority stockholders, officers, general partners, joint ventures, members, executors, administrators, and trustees of any such legal entity.

T. "Premises" means the designated structure or structures, and land owned, leased, or otherwise held under the control of the Owner(s) and/or Occupant(s) where Commercial Cannabis Activity is being conducted.

U. "Sale" means any transaction in which, for any consideration, Cannabis or Cannabis Products is transferred from one Person to another, and includes the Delivery of Cannabis or Cannabis Product, and/or the soliciting or receiving of Cannabis or Cannabis Products.

V. "Unpermitted Commercial Cannabis Activity" means Commercial Cannabis Activity as defined in this Chapter that is conducted without land use approvals under Title 22 of the Los Angeles County Code and without any other approvals required for Commercial Cannabis Activity under the Los Angeles County Code.
8.44.030  Declared Unlawful and a Public Nuisance.

No Person may establish, maintain, cause to be maintained, or allow any Unpermitted Commercial Cannabis Activity, as defined in this Chapter, within the unincorporated area of the County of Los Angeles. All Unpermitted Commercial Cannabis Activity within the unincorporated area of the County of Los Angeles is declared to be unlawful and a public nuisance that may be abated under this Chapter, or any other lawful means. Any Person violating any provision of this Chapter may be subject to administrative enforcement, and/or civil and/or criminal prosecution.

8.44.040  Notice of Violation and Order to Abate.

Whenever an Enforcement Officer determines that Unpermitted Commercial Cannabis Activity is being conducted upon any property within an unincorporated area of the County, the Enforcement Officer may issue a notice of violation and order to abate Unpermitted Commercial Cannabis Activity to the Owner(s) and any Occupant(s).

8.44.050  Contents of Notice of Violation and Order to Abate.

The notice of violation and order to abate Unpermitted Commercial Cannabis Activity must:

A. Identify the Owner(s) of the property upon which the Unpermitted Commercial Cannabis Activity exists, as named in the records of the Los Angeles County Assessor, and identify any Occupant(s), if known, or who are reasonably identifiable.
B. Describe the location of the property by its commonly used street address, if any.

C. Identify the property by reference to the Assessor's parcel number.

D. Contain a statement that Unpermitted Commercial Cannabis Activity exists on the Premises.

E. Describe the Unpermitted Commercial Cannabis Activity and the actions required to abate it.

F. Contain a statement that any Owner(s) and any Occupant(s) must abate the Unpermitted Commercial Cannabis Activity within 10 calendar days after service of the notice of violation and order to abate unless a shorter time period is provided in the notice of violation and order to abate.

G. Contain a statement that any Owner(s) and any Occupant(s) who abate the nuisance must notify the Issuing Department no later than three calendar days after the abatement, using the contact information provided in the notice.

H. Notify the recipient(s) of the notice that a hearing will be held before an Administrative Hearing Officer or a Hearing Officer. The notice must specify the date, time, and location of the hearing, and state that all Owner(s) and any Occupant(s) will be given an opportunity to be heard and to present evidence at the same hearing regarding the Unpermitted Commercial Cannabis Activity existing on the Premises, and why the Unpermitted Commercial Cannabis Activity should not be abated by the County.
I. Contain a statement that, unless the Owner(s) and any Occupant(s) abate the Unpermitted Commercial Cannabis Activity, the County will proceed with abatement after a hearing under Government Code section 25845, and the Owner(s) will be liable for all costs of abatement incurred by the County, including administrative costs, and any costs of the physical abatement of the nuisance that may be made a special assessment added to the County assessment roll and become a lien on the real property, or may be placed on the unsecured tax roll.

J. Contain a statement that upon issuing the notice of violation and order to abate Unpermitted Commercial Cannabis Activity, the Enforcement Officer may record a notice of pending nuisance proceeding under Section 8.44.070 of this Chapter with the Los Angeles County Registrar-Recorder/County Clerk's Office.

8.44.060 Service of Notice of Violation and Order to Abate.

A. The notice of violation and order to abate Unpermitted Commercial Cannabis Activity under Section 8.44.040 must be served as follows:

1. By personal delivery to the Owner(s) and to any Occupant(s); or
2. By mailing it by overnight mail or overnight courier service to the Owner(s) at the address as it appears on the last assessment roll and to any Occupant(s) of the property at the address thereof, and by posting the notice of violation and order to abate at a location on the property reasonably likely to provide notice to the Owner(s) and any Occupant(s). If the records of the Los Angeles County Assessor show that ownership has changed since the last assessment roll was completed, the notice of violation and order to abate must also be mailed to the new
Owner(s) at the address appearing in the records. If the notice of violation and order to abate is served by overnight mail or overnight courier service, then the time periods in subsection 8.44.050.F. must be extended by one calendar day.

B. Service under paragraph A.1., above, is deemed effective at the time of personal delivery. Service under paragraph A.2., above, is deemed effective on the later of either the date deposited with the United States Postal Service by overnight delivery or courier service, or the date of posting.

C. The failure of any Owner(s) and/or Occupant(s) to receive a notice of violation and order to abate served consistent with the requirements of this Chapter does not affect the validity of the proceedings under this Chapter.

8.44.070 Recordation of Notice of Pending Nuisance Abatement.

A. Upon issuance of a notice of violation and order to abate Unpermitted Commercial Cannabis Activity under Sections 8.44.040 to 8.44.060, the Enforcement Officer may record a notice of pending nuisance abatement proceeding with the Los Angeles County Registrar-Recorder/County Clerk’s Office. A notice of pending nuisance abatement proceeding must legally describe the property and the Unpermitted Commercial Cannabis Activity in violation of this Chapter.

B. If a notice of pending nuisance abatement and order to abate Unpermitted Commercial Cannabis Activity is recorded, the Enforcement Officer must serve and record a notice of final disposition when the nuisance abatement proceeding has been completed, including any hearings or appeals, and the completion of any work required to abate the nuisance. If the work to abate the
nuisance is performed at County expense, the notice of final disposition must not be issued until all costs of abatement have been paid, or a lien for those costs has been recorded. The notice of final disposition must be served upon any party served with the notice of violation and order to abate Unpermitted Commercial Cannabis Activity.

8.44.080 Administrative Review Hearing Before Abatement by County.

A. Whenever the Enforcement Officer has issued a notice of violation and order to abate Unpermitted Commercial Cannabis Activity under Section 8.44.040, the notice must state that a hearing will be held to determine whether the Unpermitted Commercial Cannabis Activity still exists, and why the Unpermitted Commercial Cannabis Activity should not be abated by the County under this Chapter. The hearing must be held no less than 11 calendar days, but no more than 45 calendar days from the date the notice of violation and order to abate was served, except for hearings before the Board of Supervisors as described below. The hearing required under this Chapter may be presided over by any of the following:

1. Board of Supervisors. Upon a decision by an Administrative Hearing Officer, appointed by the Issuing Department under subsection D, below, that includes the finding of a violation and a public nuisance, and recommends the nuisance be abated by the County, the matter must be scheduled for a public hearing before the Board of Supervisors. Notice of the public hearing before the Board must be sent to the Owner(s) and any Occupant(s) of the property at least 10 calendar days before the public hearing. At the public hearing, the Board of Supervisors must determine whether a public nuisance exists and whether the nuisance should be abated by the County.
Following the public hearing, the decision by the Board is final. Notice of the Board's decision must be reflected in the Board of Supervisors' Statement of Proceedings.

2. A Hearing Board. If the Board of Supervisors establishes a Hearing Board under Government Code section 25845, it must have three members appointed by, and serving at the pleasure of, the Board of Supervisors. The Hearing Board must hold a hearing on whether a public nuisance exists and whether the nuisance should be abated by the County. The Hearing Board must make a written recommendation to the Board of Supervisors, which may adopt the recommendation without a further hearing or set the matter for a *de novo* hearing before the Board of Supervisors. The decision by the Board of Supervisors is final. Notice of the Board's decision must be reflected in the Board of Supervisors' Statement of Proceedings.

3. Office of County Hearing Officer. If an Office of County Hearing Officer has been established by the Board of Supervisors under Government Code section 27720 and is delegated authority to act as the hearing officer under Government Code section 25845, the Office of County Hearing Officer must hold a hearing, and make written findings on whether a public nuisance exists and whether the nuisance should be abated by the County. The Office of County Hearing Officer's decision is final and no further hearing by the Board of Supervisors is required. The decision by the Office of County Hearing Officer must be provided to the Clerk of the Board of Supervisors.

B. At any hearing, the Owner(s) and any Occupant(s) of the property must be given an opportunity to present evidence on whether conditions constituting a nuisance
under Section 8.44.030 remain on the Premises, and if so, whether the nuisance should be abated by the County.

C. In hearings before either the Office of County Hearing Officer or the Hearing Board, evidence must be reviewed and a written decision or recommendation that affirms, reverses, or modifies the determinations in the notice of violation and order to abate must be provided to the Owner(s) and any Occupant(s). Written decisions and recommendations prepared by either the Office of County Hearing Officer or the Hearing Board must include findings regarding the existence of any Unpermitted Commercial Cannabis Activity, actions taken by the Owner(s) and/or Occupant(s) to abate the nuisance, and, if applicable, the additional steps required by the County to abate the nuisance and to bring the property into compliance. Both the written decision and written recommendation must also state whether the Owner(s) are responsible for any costs of abatement under Section 8.44.110 if the abatement is to be performed by the County. If the Office of County Hearing Officer or the Hearing Board finds that no nuisance exists, or that the nuisance has been abated, or for any other reason(s) the matter should not continue, the nuisance abatement proceeding will be deemed completed, and no further action by the Owner(s) or any Occupant(s) will be required as to that notice of violation and order to abate that is the subject of that nuisance abatement proceeding.

D. Administrative Hearing Officer's Decision. An Administrative Hearing Officer may be appointed by the Issuing Department to conduct the administrative proceeding under this section. The Administrative Hearing Officer must not be the
Enforcement Officer, or the immediate supervisor of the Enforcement Officer who issued the notice of violation and order to abate. If the matter is heard by an Administrative Hearing Officer, that Administrative Hearing Officer will determine whether a public nuisance exists and, if so, whether it should be abated by the County. The Administrative Hearing Officer’s written decision must include findings regarding the existence of any Unpermitted Commercial Cannabis Activity, actions taken by the Owner(s) and/or Occupant(s) to abate the nuisance, and, if applicable, the additional steps required by the County to abate the nuisance and to bring the property into compliance. The written decision must also state whether the Owner(s) are responsible for any costs of abatement under Section 8.44.110 if the abatement is performed by the County. The written decision must also state that the Owner(s) and any Occupant(s) will have an opportunity to appear before the Board of Supervisors and be heard at a public hearing before the abatement by the County. If the Administrative Hearing Officer’s written decision finds no nuisance exists, or the nuisance has been abated, or for any other reason(s) the matter should not continue, the nuisance abatement proceeding will be deemed completed, and no further action by the Owner(s) or Occupant(s) will be required as to the notice of violation and order to abate that is the subject of that nuisance abatement proceeding. Service of the Administrative Hearing Officer's decision must be by first class mail, overnight mail, or personal delivery to the parties upon whom the notice of violation and order to abate was served or their representatives, and is deemed effective at the date deposited.
with the United States Postal Service by first class mail, or overnight delivery, or at the
time of personal delivery.

E. Hearing Board's Recommendation. In the case of a hearing before the
Hearing Board, the Hearing Board must make a written recommendation to the Board
of Supervisors, which may adopt the recommendation without a further hearing or set
the matter for a de novo hearing before the Board of Supervisors. The Hearing
Board's recommendation does not become final unless a decision is made by the
Board of Supervisors under subsection F of this section. Service of the Hearing
Board's recommendation must be by first class mail, overnight mail, or personal
delivery to the parties upon whom the notice of violation and order to abate was
served or their representatives, and is deemed effective on the date deposited with the
United States Postal Service by first class mail, or overnight delivery or at the time of
personal delivery.

F. Board of Supervisors' Decision. In the case of a hearing before the
Board of Supervisors, or the adoption of the Hearing Board's recommendation, the
decision by the Board is final, as reflected in the Board of Supervisors' Statement of
Proceedings, and will be served by first class mail, overnight mail, or personal delivery
to the parties upon whom the notice of violation and order to abate was served or their
representatives. Service is deemed effective on the date deposited with the United
States Postal Service by first class mail, or overnight delivery, or at the time of
personal delivery.
G. Office of County Hearing Officer's Decision. Any decision by the Office of County Hearing Officer is final and will be served by first class mail, overnight mail, or personal delivery to the parties upon whom the notice of violation and order to abate was served or their representatives. Service is deemed effective upon the date deposited with the United States Postal Service by first class mail, or overnight delivery, or at the time of personal delivery.

8.44.090 Enforcement.

If the Owner(s) or Occupant(s) fail to abate any Unpermitted Commercial Cannabis Activity within five calendar days of service of the Office of County Hearing Officer's decision, or the Board of Supervisors' Statement of Proceedings, affirming the existence of the violation and the public nuisance and order of abatement by the County, the Enforcement Officer may take one or more of the following actions:

A. Apply to the Superior Court for an abatement warrant authorizing entry upon the Premises to abate the nuisance using County personnel or private contractors, including removing and destroying all Cannabis, Cannabis Products, any Unpermitted Cannabis Cultivation, and any fixtures and equipment used for Commercial Cannabis Activity. The abatement warrant may also include locking and securing of the Premises.

B. Request that the matter be referred for civil or criminal prosecution to redress, enjoin, and/or abate the public nuisance.
8.44.100 Abatement by Owner(s) or Occupant(s).

Any Owner(s) or any Occupant(s) may abate the Unpermitted Commercial Cannabis Activity or cause it to be abated before the County commences abatement. Any Owner(s) or any Occupant(s) abating Unpermitted Commercial Cannabis Activity must: (1) notify the Enforcement Officer either by email or overnight mail to the email address or physical address, respectively, shown on the notice of violation and order to abate no later than three calendar days after the abatement; and (2) provide documentation that the Unpermitted Commercial Cannabis Activity has been abated in compliance with this Chapter. Abatement will not be deemed completed until the Unpermitted Commercial Cannabis Activity has been entirely removed from the Premises, and an inspection by the Enforcement Officer confirming completion has occurred. Failure to allow the inspection creates a rebuttable presumption that abatement has not occurred.

8.44.110 Liability for Costs of Abatement.

In any enforcement action brought under this Chapter, whether by administrative or judicial proceedings, any Owner(s) who causes, permits, or maintains an Unpermitted Commercial Cannabis Activity will be liable for all costs of abatement incurred by the County, including administrative costs and all costs incurred in the physical abatement of the nuisance. Under Government Code section 25845, reasonable attorneys' fees may also be awarded to the prevailing party. Recovery of attorneys' fees may be limited to the prevailing party in those individual actions or
proceedings in which the County elects, at the initiation of the action or proceeding, to seek recovery of its attorneys' fees.

8.44.120 Notice of Costs of Abatement; Request for Hearing.

The Enforcement Officer must notify, in writing, the Owner(s) served with a notice of violation and order to abate under Section 8.44.060, of the amount of the costs of abatement of the nuisance. The notice of costs of abatement must be served by first class mail. Service is deemed effective on the date deposited with the United States Postal Service by first class mail. Within 10 calendar days of service of such notice, any Owner(s) may request in writing to the Issuing Department a hearing on such costs under Section 8.44.150 of this Chapter. Unless a hearing is requested, payment of the costs of abatement is due within 20 calendar days of service of the notice of costs of abatement.

8.44.130 Collection of Costs of Abatement; Special Assessment and Lien.

If there are any unpaid costs of abatement owed as described in Section 8.44.120, the Board of Supervisors, or the Office of County Hearing Officer, if one is created, may order that all, or any part, of the costs of abatement incurred by the County, including administrative costs and any costs in the physical abatement of the nuisance, be placed upon the County tax roll as a special assessment against the respective parcel(s) of land, or placed on the unsecured roll, under Government Code section 25845. The Board of Supervisors, or the Office of County Hearing Officer, if one is created, may also cause a notice of abatement lien for the unpaid costs of
abatement owed as described in Section 8.44.120 to be recorded against the respective parcel(s) of real property upon which the nuisance exists under Government Code section 25845.

8.44.140 Notice of Administrative Penalty; Request for Hearing.

A. Besides any other remedy prescribed in this Chapter, any Unpermitted Commercial Cannabis Activity as described in Section 8.44.020 is subject to an administrative penalty of $2,500 for each day the Unpermitted Commercial Cannabis Activity occurs on the property. The administrative penalty may be imposed through the administrative procedure in this section, under Government Code section 53069.4, or by the Superior Court if the violation is enforced through the judicial process.

B. Whenever an Enforcement Officer issues a notice of violation and order to abate Unpermitted Commercial Cannabis Activity under this Chapter, the Enforcement Officer may separately issue a notice of administrative penalty to:

(1) any Owner(s) whose property is the subject of a notice of violation and order to abate Unpermitted Commercial Cannabis Activity issued under Section 8.44.040; and/or

(2) any Occupant(s) who causes or contributes to Unpermitted Commercial Cannabis Activity and who is served with a notice of violation and order to abate Unpermitted Commercial Cannabis Activity issued under Section 8.44.040.

C. If a notice of administrative penalty is issued, the Enforcement Officer must provide a reasonable period of time, no less than 10 calendar days from the date of service, for the Owner(s) and/or Occupant(s) to correct or otherwise remedy the violation before imposing an administrative penalty. If the Owner(s) and/or
Occupant(s) fail to correct or otherwise remedy the violation within 10 calendar days from the date of service, the administrative penalty will be assessed and will continue to accrue from the date of the notice until the Unpermitted Commercial Cannabis Activity is abated.

D. Each notice of administrative penalty must contain the following information:

1. A statement that unless the Unpermitted Commercial Cannabis Activity is corrected within 10 calendar days after the service of the notice of administrative penalty, or an appeal under this Chapter is timely requested, an administrative penalty will be imposed on the Owner(s) and/or Occupant(s);

2. The name of the Owner(s) and/or Occupant(s);

3. The code section violated;

4. The address where the code violation occurred;

5. A description of the code violation;

6. The names of the Issuing Department and Enforcement Officer;

7. That the Owner(s) and/or Occupant(s) is liable for an administrative penalty of $2,500 per day for each day that the violation continues unabated; and

8. The procedures to pay the administrative penalty or to request an administrative hearing to contest the imposition of the administrative penalty.

E. The notice of administrative penalty must be served:
1. By mailing it by first class or overnight mail to the Owner(s) at the address appearing on the last assessment roll and the Occupant(s) of the property at the address thereof, and by posting the notice at the property at a location reasonably likely to provide notice to the Owner(s) and/or Occupant(s); or

2. By personal delivery to the Owner(s) and/or Occupant(s);

3. Service under subsection 8.44.140.F., paragraph 1, above, will be deemed effective on the later of either the date deposited with the United States Postal Service or the date of posting. Service under subsection 8.44.140.E., paragraph 2, above, will be deemed effective at the time of personal delivery.

F. The failure of any Owner(s) and/or Occupant(s) to receive a notice of administrative penalty served consistent with this Chapter does not affect the validity of the proceedings.

G. Any Owner(s) and/or Occupant(s) served with a notice of administrative penalty may request a hearing before an Administrative Hearing Officer or the Office of County Hearing Officer, if one has been created, to contest the imposition of the administrative penalty under Section 8.44.150 of this Chapter. If the matter is heard by an Administrative Hearing Officer, it must not be the Enforcement Officer or the immediate supervisor of the Enforcement Officer that issued the notice of administrative penalty or the notice of violation and order to abate. The request must be made in writing and filed with the Issuing Department within 10 calendar days following service of the notice of the administrative penalty. The request must include a statement indicating the basis on which the Owner(s) and/or Occupant(s) contests
the imposition of the administrative penalty. The request must also include the address of the Owner(s) and/or Occupant(s) for correspondence by the Administrative Hearing Officer or the Office of County Hearing Officer. The hearing required under this section may be combined with the hearing required under Section 8.44.120 involving the same property.

H. Unless a Person served with a notice of administrative penalty requests an administrative hearing to contest the imposition of the administrative penalty under this Chapter, the notice of administrative penalty will constitute the final administrative order of the County regarding the administrative penalty, which will be due and payable to the County by the Owner(s) and/or Occupant(s) within 20 calendar days following service of the notice of administrative penalty.

I. The administrative penalty imposed under this Chapter will be in addition to any other fines and/or penalties imposed for violations of local, State, and/or federal law.

J. An administrative penalty will be due only if it is determined at the final administrative review hearing under Section 8.44.080 that there was a nuisance on the property.

8.44.150 Contesting the Costs of Abatement and Administrative Penalties.

A. Costs of Abatement. Any timely request for hearing to contest the costs of abatement incurred by the County in the abatement of Unpermitted Commercial Cannabis Activity under Section 8.44.120 may be set for hearing by the Issuing
Department, Administrative Hearing Officer, or Office of County Hearing Officer, if one is created. The hearing may be combined with any hearing to contest the administrative penalty imposed under Section 8.44.140 involving the same property. The hearing will be set within 30 days following any such request for a hearing under Section 8.44.120. At the hearing, the Owner(s) and County may provide evidence regarding the amount and reasonableness of the costs of abatement. Following the hearing, the Administrative Hearing Officer or the Office of County Hearing Officer may make such modifications as deemed necessary and issue a written decision with findings and any order for payment of the costs of abatement. Any order of the Administrative Hearing Officer or the Office of County Hearing Officer will become effective upon issuance and must be served by first class mail, addressed to the Owner(s) notified under Section 8.44.120. Service is deemed effective on the date deposited with the United States Postal Service. Payment of the costs of abatement must be made to the County within 20 calendar days of the service of the decision and order for payment of costs of abatement of the Administrative Hearing Officer or the Office of County Hearing Officer. If the total assessed costs of abatement determined under this section are not paid in full within 20 calendar days after service of the decision and order by the Administrative Hearing Officer or the Office of County Hearing Officer, the unpaid amounts may be collected under Section 8.44.130. Interest will accrue on all amounts due under this section from the date of the decision and order to the date paid under the laws applicable to civil money judgments.
B. Administrative Penalty. Any timely written request for a hearing to contest an administrative penalty imposed under Section 8.44.140 may be set for hearing by the Issuing Department, Administrative Hearing Officer, or Office of County Hearing Officer, if one is created. The hearing officer designated to hear the matter may combine the hearing with any hearing to contest the costs of abatement imposed under Section 8.44.120 involving the same property. The hearing must be set within 60 calendar days following a request for a hearing under subsection 8.44.140.H., or at the date a hearing is scheduled to contest costs of abatement, whichever is later. At the hearing, the Owner(s) and/or the Occupants and the County may provide evidence regarding the justification and reasonableness of the administrative penalty. Following the hearing, the Administrative Hearing Officer or the Office of County Hearing Officer may assess an administrative penalty by a written order with findings. The decision of the Administrative Hearing Officer or the Office of County Hearing Officer is final and is not subject to additional administrative review. Any order of the Administrative Hearing Officer or the Office of County Hearing Officer will become effective upon issuance and must be served by first class mail. Service is deemed effective on the date deposited with the United States Postal Service. Payment of the administrative penalty specified in the order must be made to the County within 20 calendar days of service of the order, unless timely appealed to the Superior Court under Government Code section 53069.4, subdivision (b). Interest will accrue on all amounts due under this section from the date of the order requiring payment of such penalty to the date paid under the laws applicable to civil money judgments.
8.44.160  Hearing Procedures.

The Administrative Hearing Officer, or the Hearing Officer, may establish procedures for the conduct of the hearings under this Chapter. Any hearing under this Chapter may be continued by the Administrative Hearing Officer, or the Hearing Officer, if good cause is shown. If any Owner(s) and/or Occupant(s) served with a notice of violation and order to abate Unpermitted Commercial Cannabis Activity has requested a hearing under this Chapter, but fails to appear and present evidence at the hearing, the Administrative Hearing Officer or Hearing Officer may base the decision solely upon the evidence submitted by the Enforcement Officer.

8.44.170  Subsequent Violation Costs.

Upon a second or subsequent civil or criminal judgment for violation of this Chapter within a two-year period, a violator is liable to the County for three times the costs of abatement under Government Code section 25845.5.

8.44.180  Non-exclusive Remedies and Penalties.

All remedies and penalties for the abatement of public nuisances provided for in this Chapter are cumulative and not exclusive. Enforcement remedies may be concurrent or consecutive. Conviction and punishment of, or enforcement against, any Person does not relieve such Person from the responsibility of correcting, removing, or abating a violation, or prevent the correction, removal, or abatement by the County. Each day, or any portion thereof, during which any violation of this Chapter is committed, continued, or permitted by any Person, is a separate and distinct offense.