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Deplatforming Unlicensed Cannabis Dispensaries

The passage of Proposition 64 in 2016 legalized the use, sale, cultivation, and manufacturing of cannabis and cannabis products in California. The legalization of cannabis was meant to destigmatize use and cultivation, eliminate injustices caused by the prosecution of those arrested for its use, provide individuals with the ability to safely purchase cannabis that has been tested for potentially dangerous chemicals, and to greatly reduce, or eliminate, the unregulated market for cannabis in California, including the violence, environmental degradation, and injustices that arose from it.

However, the transition to a legal cannabis marketplace has faced challenges, including high taxes and barriers to entry for legal dispensaries and cultivation facilities. These challenges have led to a continued unregulated market for cannabis, including many unlicensed dispensaries in some communities. Unlicensed dispensaries are problematic for many reasons, including that their products are untested and may be mislabeled; they do not pay taxes; they promote the illegal cultivation of cannabis, which often comes with many environmental impacts; and their lower prices undercut the legal market. Illegal dispensaries are also often the targets of violence due to the large

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amounts of cash on-hand and the reduced likelihood of their illegal operators reporting crimes to law enforcement.

According to a Pew Research Center study released in February, Los Angeles County is home to approximately 10% of the total number of dispensaries estimated to operate nationwide, with nearly 1,500 retailers.¹ However, data from the California Department of Cannabis Control indicate that, as of 2022, only 384 of these dispensaries hold valid licenses from the State and a local jurisdiction in the County. The County of Los Angeles has been supportive of the legalization of cannabis and is working to implement its own program for the licensing of cannabis operations in unincorporated areas. However, the continued operation of illegal dispensaries throughout the State is problematic and dangerous because it undermines legal dispensaries.

Unfortunately, distinguishing between licensed and unlicensed dispensaries is now more difficult than ever. When searching for a cannabis dispensary, search engine and GPS platforms such as Google and Apple Maps do not distinguish between licensed and unlicensed businesses, but instead give results that contain, more often than not, unlicensed dispensaries, thus legitimizing problematic establishments selling unregulated and often dangerous products for general public consumption.

Regulating online search engines and GPS platforms will ensure only legal, licensed dispensaries appear in results from those platforms and protect the safety of the public.

¹ Chapekis, Athena, and Sono Shah. "Most Americans Now Live in a Legal Marijuana State – and Most Have at Least One Dispensary in Their County." *Pew Research Center*, 29 Feb. 2024, www.pewresearch.org/short-reads/2024/02/29/most-americans-now-live-in-a-legal-marijuana-state-and-most-have-at-least-one-dispensary-in-their-county/.

I, THEREFORE, MOVE that the Board of Supervisors direct:

1. County Counsel to report back to the Board in writing in 120 days on the feasibility of “deplatforming” illegal, unlicensed cannabis dispensaries.
2. Department of Consumer and Business Affairs’ Office of Cannabis Management, in consultation with the Sheriff, to report back in writing in 120 days with recommendations on strategies the County could pursue locally and/or with the State to curb unlicensed cannabis advertising (including digital) and operations in unincorporated Los Angeles County.
3. Department of Consumer and Business Affairs’ Office of Cannabis Management, in consultation with the Chief Executive Office – Legislative Affairs and Intergovernmental Relations (CEO-LAIR), to draft a 5-signature letter to Google, Yelp and other search engine platforms to voluntarily cease advertising illegal cannabis dispensaries in Los Angeles County.

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