

**MOTION**

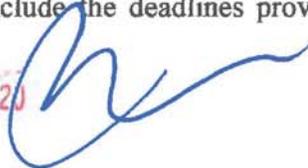
The Department of Cannabis Regulation (DCR) relies on the Office of Finance (Finance) to provide cashiering services for all of DCR's commercial cannabis customers. Finance has made numerous operational changes due to the ongoing COVID-19 Pandemic, as well as related safety and social distancing protocols. These operational changes have led to the temporary closure of Finance's West Los Angeles Office as of April 2020, limiting days of operation in Finance's Van Nuys Office as of October 2020, and the closure of services at the City Hall Office from April through July 2020, which is now available by appointment only. Finance has indicated that they have experienced overcrowding and challenges to processing 2021 renewal payments of commercial cannabis licenses prior to the November 2, 2020 deadline.

Recently, it was determined that certain Finance staff dedicated to processing cannabis payments have tested positive for COVID-19 in December 2020. Subsequently, staff was required to quarantine, thus reducing or eliminating Finance's capacity for processing commercial cannabis renewal payments at multiple locations. Finance has indicated that these impacts may last beyond December 2020. Furthermore, it is possible that additional Finance staff may have been exposed to COVID-19 and will be required quarantine in the future.

For most types of cannabis related fees, the Los Angeles Municipal Code (LAMC) requires payment within 10 days of the issuance of an invoice, with no grace period or opportunity for late payment. Additionally, commercial cannabis license renewal fees must be paid no later than 60 calendar days before the expiration of the License, with no grace period or opportunity for late payment. Finance's operational changes and limited staffing have reduced the ability of commercial cannabis applicants and licensees to provide timely payment of DCR's licensing fees. The DCR has indicated that the implementation of extended payment windows and the addition of late fees will alleviate administrative burdens on Finance, provide more time for cannabis customers to pay fees, and allow DCR to recuperate costs associated with processing licensing and renewal matters on a late and, therefore, expedited basis.

Amending LAMC Section 104.12 to allow commercial cannabis applicants and licensees to make late renewal fee payments upon the payment of a late fee would prevent 57 commercial cannabis businesses (15% of the licensed commercial cannabis businesses in the City) from going out of business in January 2021. For example, if an applicant has two Temporary Approvals that expire on December 31, 2020, that applicant could be permitted to renew both of their Temporary Approvals after November 2, 2020, subject to payment of the two renewal fees in the amount of \$8,466 (\$4,233 per Temporary Approval), plus a flat 50% late fee of \$4,233. Additionally, if an applicant had two Temporary Approvals that expired on December 31, 2020, that applicant could be permitted to renew both of their Temporary Approvals between January 1, 2021, and February 28, 2021, subject to the payment of the two renewal fees in the amount of \$8,466 (\$4,233 per Temporary Approval), plus a flat 100% late fee of \$8,466, but must cease all commercial cannabis activities on January 1, 2021, until their Temporary Approvals are renewed.

Many payment deadlines listed in Article 4 of Chapter X of the LAMC are required to be made within 10 days of the date of invoice issuance. Providing additional time to pay will allow DCR and other Departments to navigate operational changes associated with COVID-19, furloughs, and other changes. Providing 30 days from the date of invoice issuance should allow sufficient time. These changes should include the deadlines provided in LAMC Sections 104.03(a), 104.03(a)(4),



104.03(b), 104.03(c), 104.03(e)(3), 104.06.1(b)(8), 104.06.1(c)(1), 104.06.1(c)(7), 104.06.1(d)(6), 104.06.1(e)(4), and 104.06.1(f)(3).

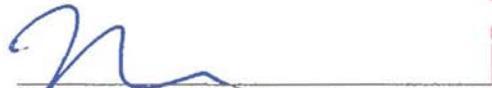
I THEREFORE MOVE that the City Council request the City Attorney, with the assistance of the Department of Cannabis Regulation, to prepare and present an ordinance that addresses the City's ongoing fiscal crisis and the Office of Finance's operational changes, by allowing commercial cannabis licensees to provide late payments of renewal fees according to the following provisions:

1. Allow commercial cannabis applicants and licensees to make late renewal fee payments before the expiration of the License or Temporary Approval. Late renewal payments shall include a flat 50% late fee, and shall be due by February 28, 2021;
2. Allow commercial cannabis applicants and licensees to pay their renewal fees after the expiration date of the License or Temporary Approval. Late payments of expired licenses shall include a flat 100% late fee, and shall be due by February 28, 2021. All applicants and licensees with an expired License or Temporary Approval must cease all cannabis activity until a new License or Temporary Approval is issued;
3. Amend all payment deadlines that are required to be made within 10 days of the date of invoice issuance to 30 days of the date of invoice issuance;
4. Consider all payments timely paid if enclosed in a properly addressed envelope with sufficient postage, deposited in the mail, and postmarked by the payment deadline.
5. Consider all payments timely paid if an applicant or licensee schedules and confirms an appointment with the Office of Finance by the date of the payment deadline, notwithstanding that the appointment may be after the date of the payment deadline;
6. All proposed amendments shall apply to 2020 and 2021 renewal fees and all other fees due after January 1, 2021;
7. No amendments proposed here shall be construed to extend the time to pay fees, which have a payment deadline longer than 10 days, except that those payments may be made by mail; and
8. A sunset clause provision that will cease the operation of the amendments proposed herein when the State of California and City of Los Angeles have lifted the declared State of Emergency due to the novel COVID-19 virus pandemic.

PRESENTED BY:

  
CURREN D. PRICE, JR.  
Councilmember, 9<sup>th</sup> District

SECONDED BY:

  
MARQUEECE HARRIS-DAWSON  
Councilmember, 8<sup>th</sup> District

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