

MOTION


The City of Los Angeles has diligently worked to regulate and collect tax revenue from Medical Marijuana Dispensaries (MMDs) over the last three years. Prior to 2013, however, the previous seven years was marked with several lawsuits and an explosion in MMDs, particularly with regard to retail establishments. In response and with little direction from the State of California, the voters of the City of Los Angeles enacted Proposition D in May of 2013, which passed with almost 63 percent voting in favor of the measure. With the enactment of Proposition D came welcomed change, but new challenges.

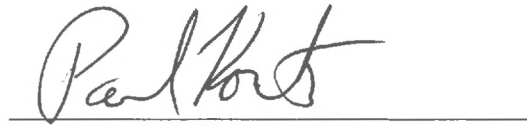
Proposition D has been the primary tool utilized by the City of Los Angeles, particularly the City Attorney's office, to provide the necessary enforcement and regulatory framework for medical marijuana in the absence of state regulation. While Proposition D has been effective in providing enforcement and shuttering hundreds of illegal dispensaries, according to some statistics there are still dozens of illegal MMDs operating and further enforcement is needed. Furthermore, with the newly enacted state law in 2015, the Medical Marijuana Regulation and Safety Act (MMRSA), it is time for the City of Los Angeles to make adjustments to Proposition D allowing the City's medical marijuana regulatory framework to better conform with state law prior to January 1, 2018.

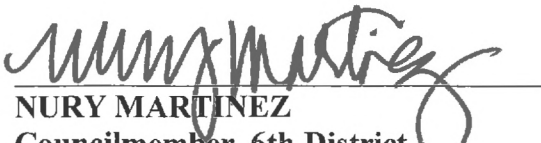
Lastly, the City of Los Angeles should explore financial opportunities associated with the recreational use, cultivation, distribution, manufacturing, processing, and testing of marijuana. The City should be prepared for potential passage of the Adult Use of Marijuana Act (AUMA) in November of 2016 which would allow for the recreational use of marijuana, as well as a licensing system for cultivation, manufacturing, processing, distribution, and testing of marijuana as required under MMRSA and AUMA. A new revenue stream generated by such activities would provide City residents with enhanced constituent services and a better quality of life.

**WE THEREFORE MOVE** that the City Council INSTRUCT the Chief Legislative Analyst (CLA) and the City Administrative Office (CAO), with the assistance of the City Attorney's office, the Department of City Planning, the Department of Building and Safety, the Office of Finance, and the Police Department, to report back in 60 days with options for a March 2017 ballot measure that will allow Proposition D compliant dispensaries to conform to the newly created medical marijuana state licensing system, increase penalties and enforcement to close down all illegal marijuana-related businesses, create a regulatory framework for the City to implement the Adult Use of Marijuana Act (AUMA) if approved in November, and extend Proposition D's gross receipts tax to all marijuana-related businesses.

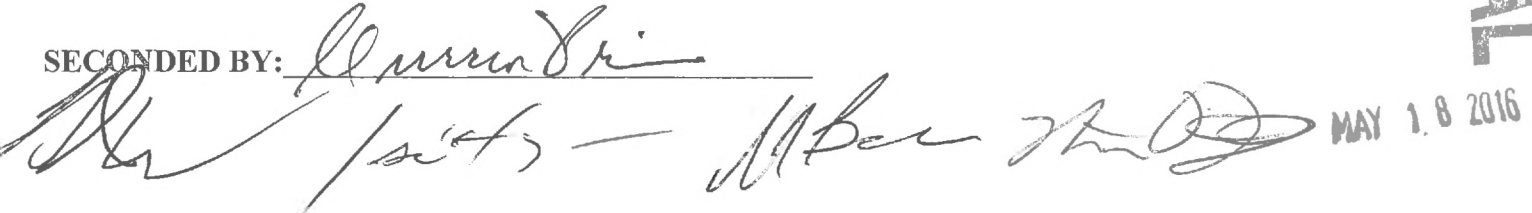
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MAY 18 2016