

Preserving Public Safety and Eliminating the Illegal Market

As the City of Los Angeles considers the cannabis reform package assembled the Council President's office and implement Measure M, local lawmakers must organize policy that meets public safety, public health, revenue and tax and community reinvestment goals and is consistent with the State's 2015 medical cannabis legislative package (the Medical Cannabis Regulation and Safety Act). These policies must also comply with Proposition 64, which legalized adult-use cannabis access in California. With so much to balance it can be difficult to lose sight of the fundamentals that must be addressed in reforming the City's current policies on cannabis businesses – preserving the safety and health of the citizens of Los Angeles and carrying out the will of the voters.

The number one concern raised by many Los Angeles residents about the cannabis industry in the City has been the presence of so many illegal market storefronts. The frustration over this issue arises first from residents' confusion about which stores are legal and which ones are not. Whereas legal storefronts often spend hundreds of thousands of dollars to build facilities that meet state and local requirements for security and surveillance and adhere to local storefront appearance and placement requirements, illegal cannabis businesses do not, as they fully anticipate being raided and having to immediately relocate.

Examples of illegal market "pop-up" dispensaries



Given that Los Angeles is home to the largest cannabis market in the world, the City's 2013 decision to only allow 135 stores to operate in compliance with City regulations only fueled the prevalence of the illegal market in the City. Any new policy to address the sizable illegal market challenges the City faces must utilize an aggressive strategy that subjects all cannabis businesses currently operating in the City to the City's regulatory framework. This strategy will both provide the City with the identification and location of all the illegal entities, their owners and landlords, as well as enable the City to derive tax revenue and licensing fees from these businesses to support – (1) administration of cannabis reform policies, (2) resources for local law enforcement training related to these policies, (3) related local public health and safety educational campaigns, and (4) expansion of traditional community services and infrastructure investment that the City desperately needs.

By organizing a comprehensive set of regulations that LA cannabis businesses will be required to adhere to, LA residents can be assured that these businesses meet the needs and standards of individual communities, and that products from these businesses are not diverted to the City's youth.

Examples of legal and regulated dispensaries



Providing a path to legal regulatory compliance for these businesses will also replace illegal market retail sales points with legal access points. This will be an important tool to create consumer confidence in the cannabis businesses permitted to operate in the City as well as certify that the products sold by these businesses are safe, tested and only accessible to people over 21 years of age. Conversely, failure to sufficiently license enough cannabis businesses in LA utilizing a full regulatory structure will result in perpetuating the illegal market, and will waste hundreds of thousands of taxpayer dollars on failed law enforcement strategies (whack-a-mole enforcement).

Finally, it will be important for the City to provide adequate retail access to out of state visitors who will come to LA to enjoy the City and consume cannabis. Failure to provide enough legal points of sale will result in long lines at the very limited number of compliant stores that can operate today, which will create new public safety challenges for the City. The [proof that this formula](#) is effective can be seen in Denver, which is operating at a 70 percent legal sales rate because of the City's vigorous efforts to license as many of the City's cannabis businesses as possible. The opposite is currently true in Los Angeles, which is estimated to be operating at a roughly 70 – 80 percent illegal sales rate.

Protecting the City's Youth and Safeguarding Public Health

Discussions about cannabis and public health should include a robust conversation about providing for adequate patient access to medical cannabis. This is particularly important in jurisdictions like Los

Prop 64- State Resources to Support Local Public Safety

Prop 64, which was approved in every LA City Council district by margins ranging from 55 – 76 percent will redistribute revenue generated from taxing cannabis businesses to local governments and qualified nonprofit organizations to augment local law enforcement needs associated with adapting to new state and local regulatory structures.

Angeles, which contains large populations of patients with conditions for which cannabis has a demonstrated and effective medical application, and who are spread across over 500 square miles. Such conditions include HIV/AIDS, cancer, epilepsy, diabetes and PTSD. There are over 27,000 patients living in Los Angeles with HIV or AIDS, and at least 37,797 cancer patients, 99,500 epilepsy patients, 536,000 type 2 diabetes patients and 314,667 veterans living in LA County. Providing Los Angeles residents who are battling health conditions with safe and convenient access to legal and tested medical cannabis will have profoundly positive effects on the health of these patients.

Prop 64- State Resources to Support Public Health, Youth Deterrence and Education

Beginning in 2018 Prop 64 will divert 60 percent of revenue generated from cannabis related taxes to grant programs for schools, local governments and nonprofits to prevent youth from accessing cannabis, educate youth on risks associated with cannabis use and invest in youth drug abuse treatment centers.