

UPDATE ON CANNABIS

Compliance, Enforcement & Taxation

THIRD QUARTER – FY 2019-20

Board of Supervisors
May 19, 2020



County Executive Office

TODAY'S REPORT

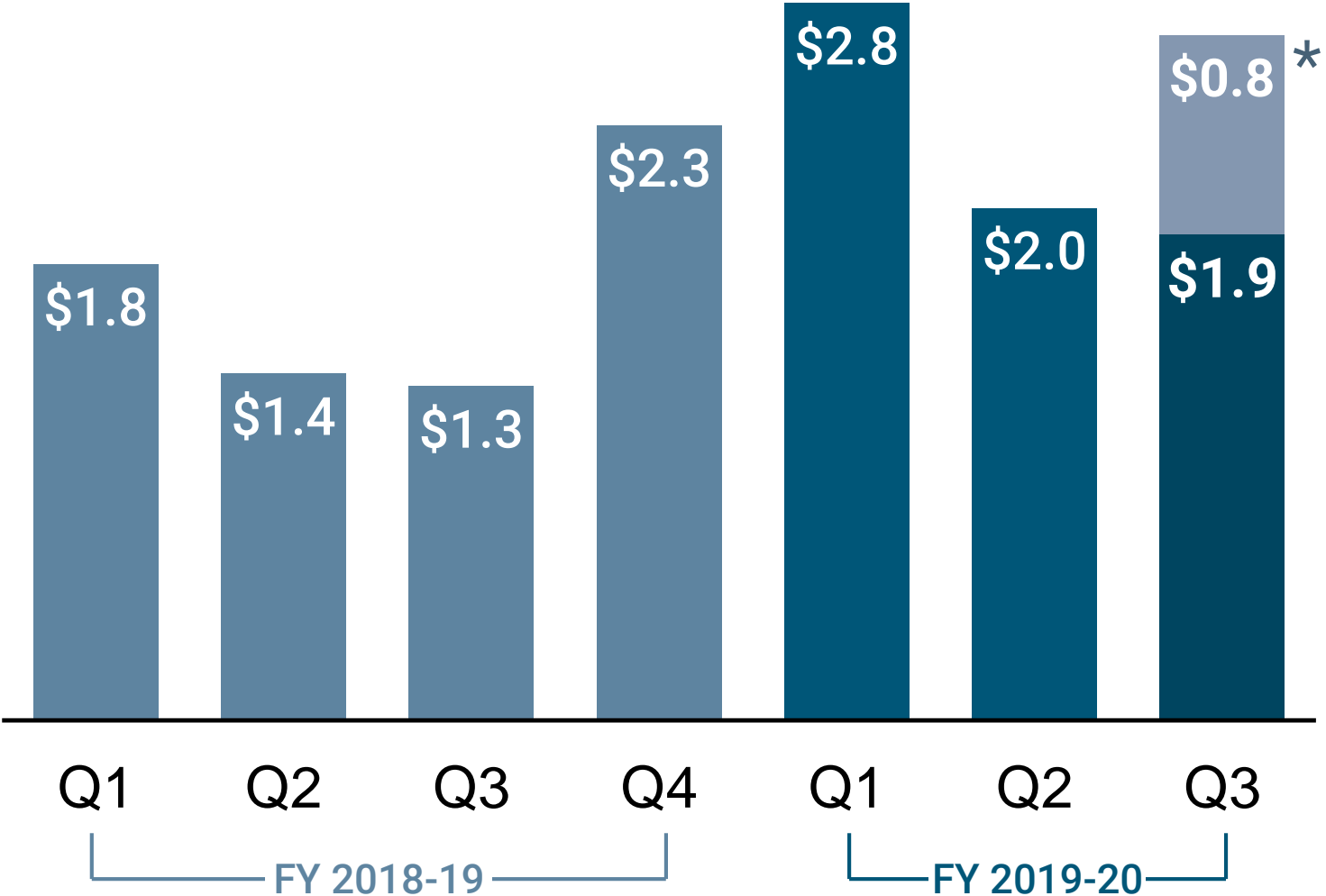
- Tax Revenues
- Land Use Planning Permits
- Business Licenses
- State Licenses
- Enforcement
- Emerging Issues & Challenges
- Next Steps

RECOMMENDED ACTIONS

- Receive an update on the status of cannabis land use permitting, business licensing, tax collection, State licensing, and enforcement;
- Determine pursuant to CEQA Guidelines Section 15378(b)(5) that the proposed actions are not a project under CEQA

Cannabis Tax Revenue by Quarter

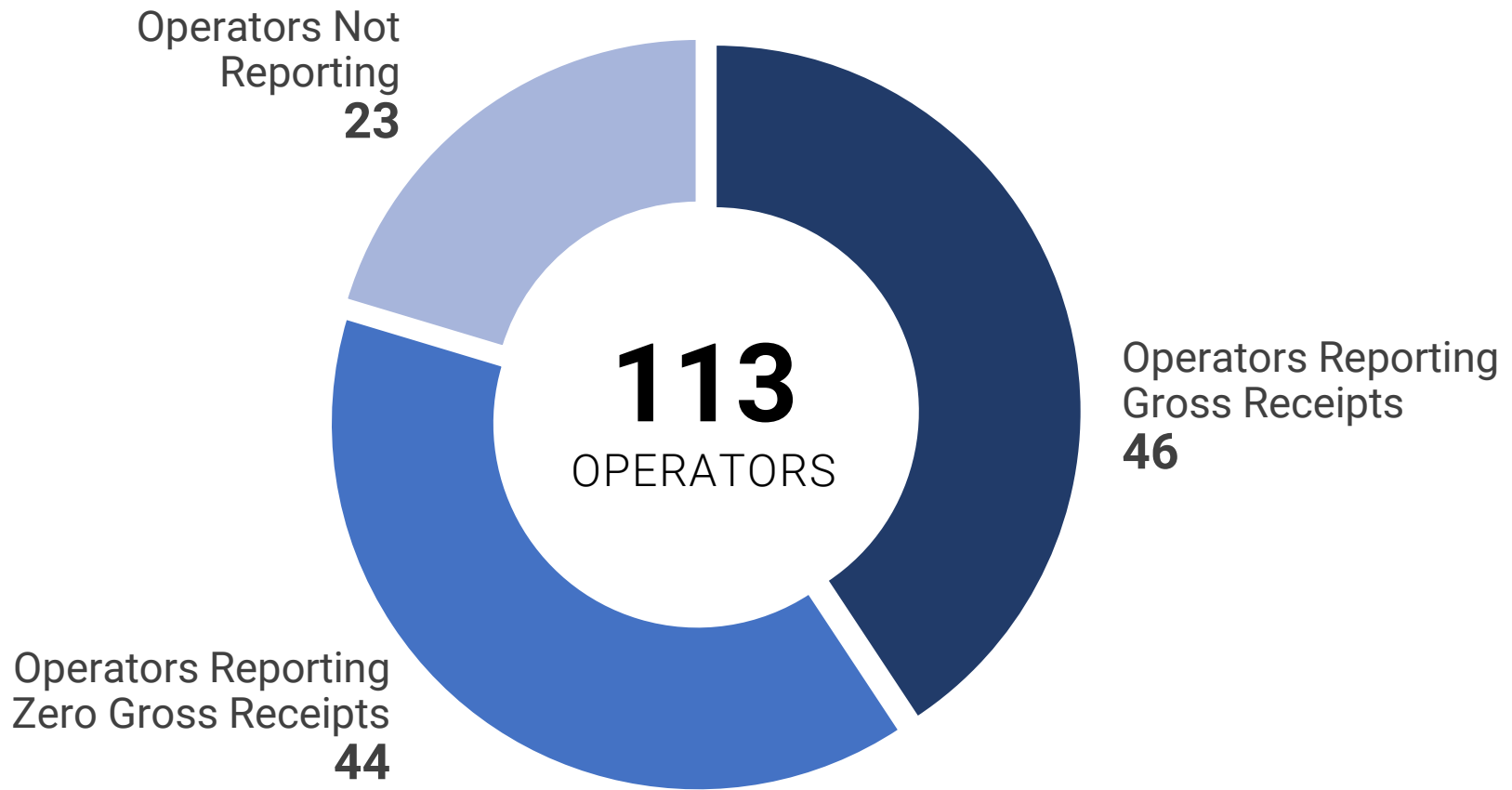
Dollars in millions



* Received in Q3 but posted on May 1, 2020

Cannabis Tax Receipts

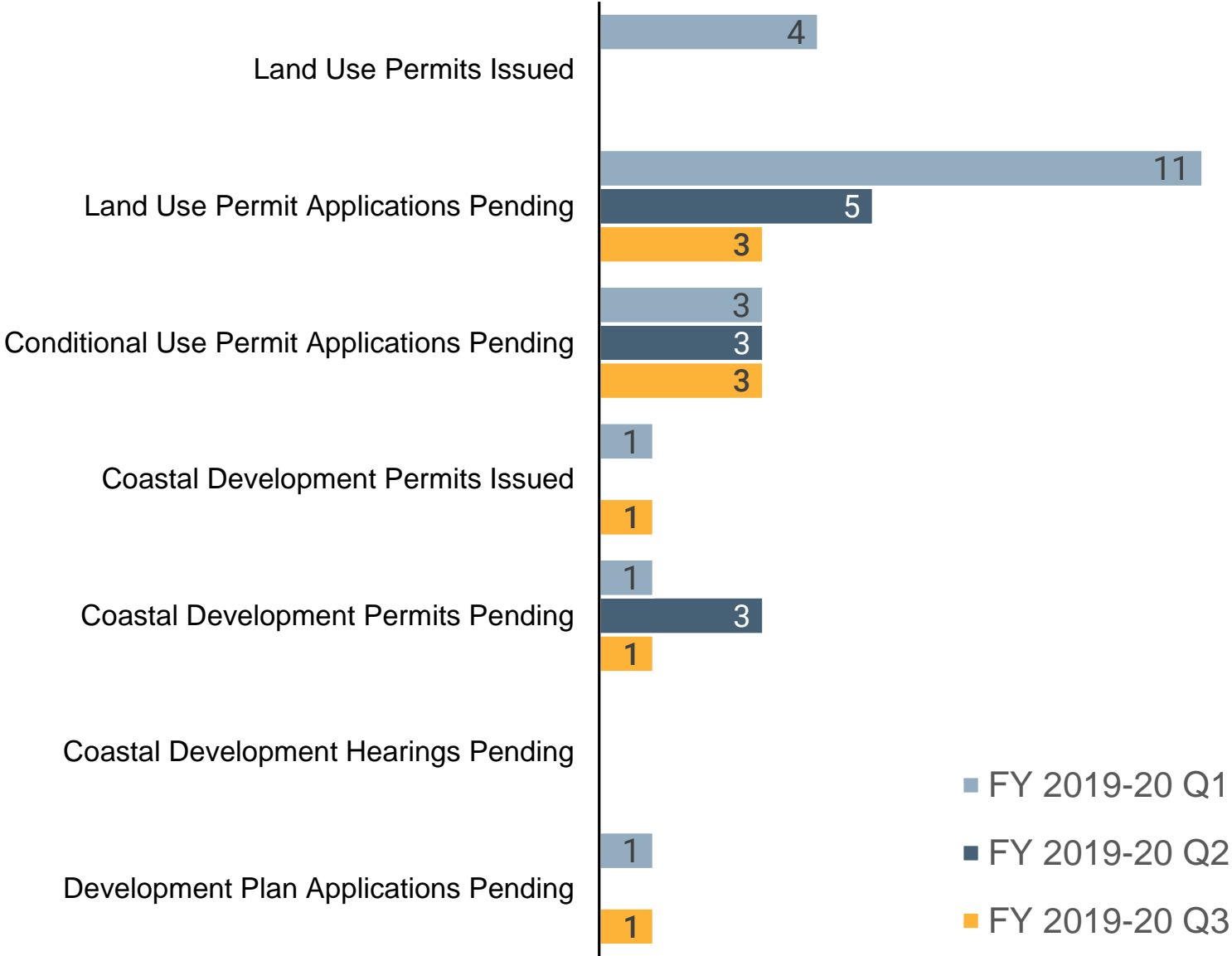
FY 2019-20 Q3



Land Use Planning Permits by Status

	Q3	Total to Date
Land Use Permits Issued	0	16
Land Use Permit Applications Pending	3	72
Conditional Use Permit Applications Pending	3	35
Coastal Development Permits Issued	1	4
Coastal Development Permits Pending	1	31
Coastal Development Hearing Pending	0	7
Development Plan Applications Pending	1	24
Total	9	189

Q3 Permitting Quarterly Comparison



Land Use Planning Permits by Status

In Acres

	Inland Area	Coastal Zone
Permitted	221	22
In Pipeline	2,231	191
Total	2,452	213
Cap	1,575	186

Business Licenses

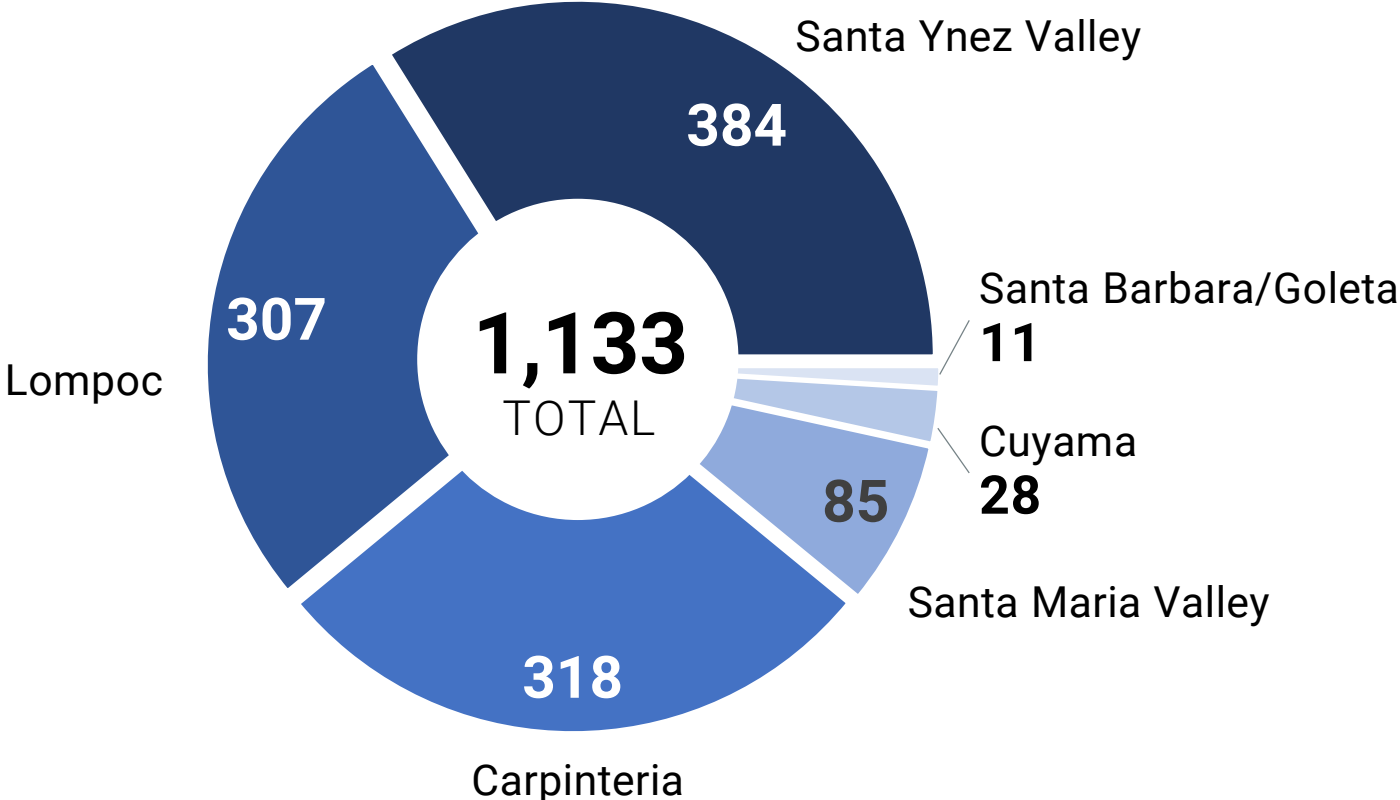
	Application Submitted	Issued	Pending
Cultivator	44	6	38
Nursery	20	3	17
Manufacturer	1	0	1
Retailer Non-Storefront	2	1	1
Distributor	5	0	5
Total	72	10	62

State Licenses in Unincorporated Area

County with second highest number of licenses and acreage in California

Data as of May 6, 2020

Number of Active Cultivation Licenses by Region

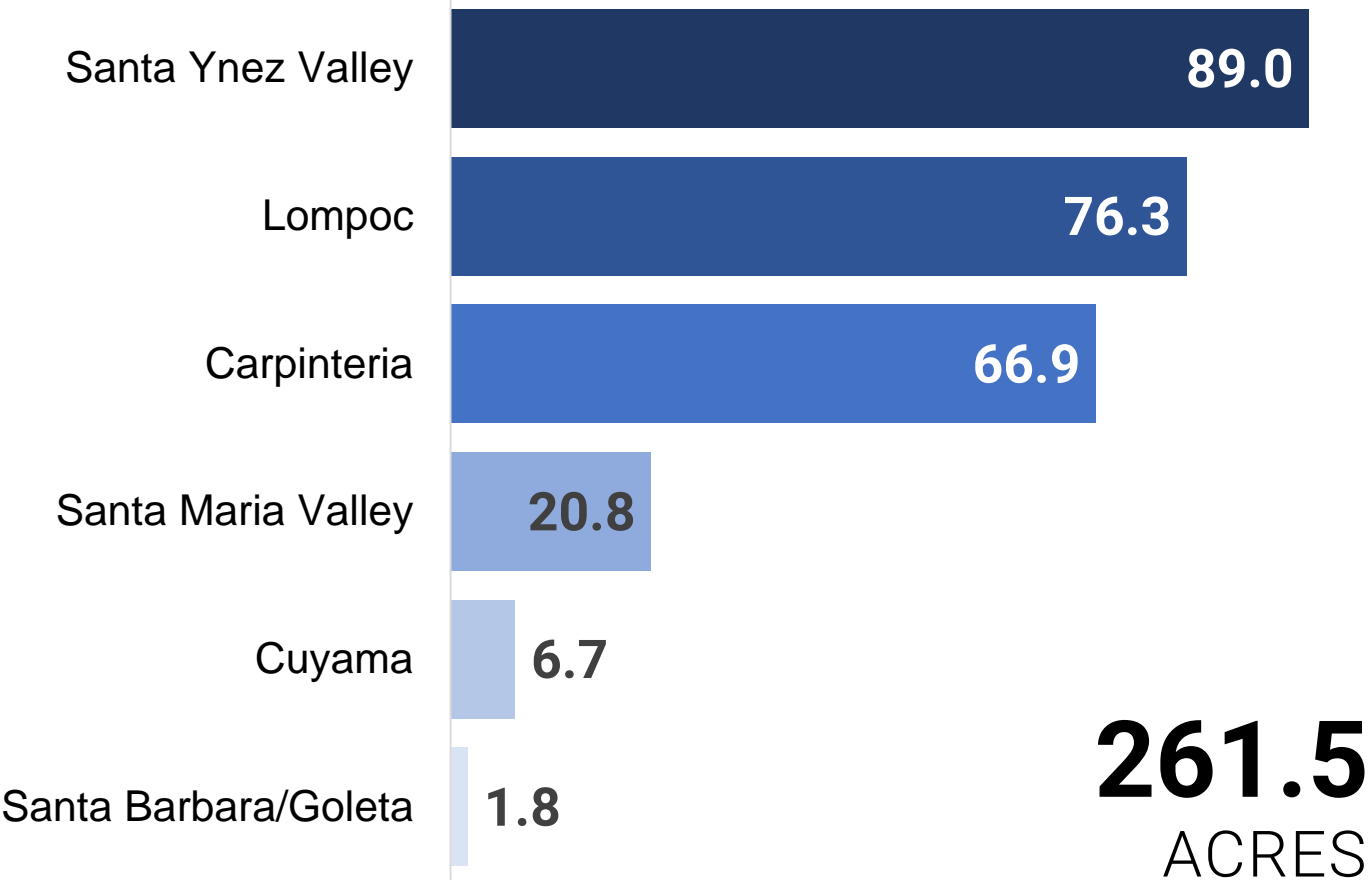


State Licenses in Unincorporated Area

County with second highest number of licenses and acreage in California

Data as of May 6, 2020

Acres of Active Licensed Cultivation by Region



State Provisional License Criteria

- Held a State Temporary License
- Submitted either
 - a) Permit application accepted for processing by P&D; or
 - b) Obtained a land use entitlement for the proposed cannabis operation and submitted a complete application for the corresponding cannabis business license
- Submitted an application and all required documents for State Annual Licensing

State Licenses Due to Expire

- **263** licenses expiring within 60 days of today's report

Staff will review the status of those licenses to determine whether we continue to support their application

- **4** letters of intent to withdraw local authorization issued

2 – Applicants surrendered provisional licenses

2 – Applicants mitigated identified problems

Cannabis Enforcement

	Q1-Q2-Q3 FY 2018-19	Q1 FY 2019-20	Q2 FY 2019-20	Q3 FY 2019-20
# of Enforcement Actions	34	12	8	5
# Live Plants Confiscated	512,971	16,684	100	-
Live Plants	\$105.7M	\$4.2M	\$20,000	\$0
Dried Product Confiscated (lbs.)	14,900	1,157	74	1,831
Dried Product	\$14.9M	\$1.2M	\$59,200	\$2M

Retail Storefront Community Engagement Meetings

Updates

- Originally scheduled Community Engagement meetings cancelled due to COVID-19 pandemic – meetings being rescheduled to commence in June
- Staff making preparations to hold meetings virtually
- Staff will return to the Board in June to present an updated selection process timeline and scoresheet criteria

Emerging Issues

- Bring land-use permitting and business license process into closer alignment
- Need to support those operators who are striving for full compliance
- Review those operations who do not comply with County regulations to determine the County's continued authorization in support of State Provisional licenses.

Objectives for Upcoming Quarters

- Implement the retail storefront license selection process
- **Provisional License Review Process**
 - Satisfactory progress through the land-use permitting process
 - Enforcement actions (yes/no)
 - Filed quarterly tax reports as required
 - Documented community complaints charging fraudulent affidavits
- **Participation in the State's Track & Trace Beta Test**
- **Commence Business Licensing process mapping project in an effort to streamline the licensing process**

Next Steps

- Complete the Retail Storefront approval process in the virtual environment
- Bring back amendments to the Business License Ordinance (Chapter 50) to the Board
- Reinstigate site inspections in the COVID environment

QUESTIONS

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