

CHAPTER 50

Licensing of Commercial Cannabis Operations Ordinance Amendments

Board of Supervisors
November 2, 2021



County Executive Office

Context

- Board adopted Chapter 50, Licensing of Commercial Cannabis Operations, in May 2018
- Cannabis operators have been applying for cannabis land use permits and business licenses since the cannabis ordinances became effective in June 2018 (inland area) and November 2018 (coastal zone)
- Proposed amendments to the cannabis licensing ordinance seek to address inefficiencies and inconsistencies in the business licensing process and further clarify the post acreage limit process
- Seeking board direction on items regarding legal non-conforming operators and defining cultivation acreage for inclusion in future amendment(s)

Proposed Amendments

Issue Area	Proposed Amendment	County Code
Definitions	Add and revise various definitions as needed	§ 50-2
Business License Required	Revise the timeline to submit business license applications to within 30 days of approval of a land use entitlement	§ 50-3
Business License Exemptions	Establishes a sunset date for legal, non-conforming operators that did not secure acreage in the eligible business license applicant list	§ 50-5
Other licenses and permits	Clarifies the requirement that applicants have an approved land use entitlement before applying for a business license	§ 50-6

Proposed Amendments

Issue Area	Proposed Amendment	County Code
Limits on Cannabis Business Licenses/Acreage Cap	Defines the process for post cap management by establishing a Wait List for applicants with an approved land use entitlement	§ 50-7
Application review process	Clarifies that business license application review only occurs if there is acreage available under the acreage cap Adds requirements that applicants notify Sheriff of changes to site security and employment statuses	§ 50-9 § 50-11

Proposed Amendments

Issue Area	Proposed Amendment	County Code
Business License Operating Requirements	Codifies requirement that operators provide an API key to the State’s track and trace system; and Adds requirement for outdoor cultivation sites to provide notice of harvest to properties within a 1,000-foot radius of the subject lot	§ 50-25

Legal, Non-Conforming (LNC) Operations without Land Use Approval, Post-Acreage Cap Committed

- P&D has approved, although not issued, land use permits that exhaust the County's cap in the inland area
- P&D identified six operators, representing approximately 40 acres, in the legal, non-conforming status that do not yet have an approved land use entitlement
- As a result of the acreage cap being committed, these operators are not eligible to be placed on the Eligible Business License Applicants List to be considered for a business license at this time
- Currently, these operators continue to operate with no fixed end date in sight
- Proposed ordinance amendment sets 120 days from adoption for these operators to cease all cannabis cultivation activities

Board Direction Needed to Address LNC Operations with Land Use Approval and Acreage Secured Under the Cap

- Over two years have elapsed since the deadline to submit a land use entitlement application that allowed these operators to continue cultivation under legal, non-conforming status
- Staff recommends pursuing a future amendment that would establish a deadline (e.g. June 30, 2022) to complete the business license process to provide incentive for operators to pursue permit issuance and come into compliance
- The issuance of a permit and business license are required for the County to carry out compliance efforts
- To date, would affect approximately 30 operators representing 475 acres countywide
- The deadline could apply to all areas of the County with exceptions for projects that are on appeal in the permitting process (currently 8 projects), i.e. for situations outside of the applicants' control

Board Direction Needed on Defining Cultivation Area and Acreage Balancing

- The definition of cultivation area is inconsistent with the State
- Did not consider acreage balance between cultivation (growing), drying, and processing
- Resulted in very few existing or proposed processing facilities in the County
- Affects revenues since many operators are shipping product outside of the unincorporated county for processing
- Changes in definition could have further implications that need to be explored
- Subject to Board direction CEO Office could work with Counsel and P&D to determine options for addressing these issues; would likely require changes to Chapters 35 and 50
- Recommend initiating this work subsequent to completing initial business license issuance

Future Amendments

- Revise section 50-23 to address changes in ownership and cultivation business license transferability
 - Consistency with state is desirable; however acreage cap is a critical component
 - State is in transition – 3 departments into one
 - Rules need to be consistent with the current provisions in Chapter 50 prohibiting the transfer of business licenses
 - Work with industry and Counsel to develop proposed amendment for Board's consideration
- Additional revisions could include requirements and timelines for effectuating the business license acreage

Recommended **Actions (REVISED)**

On November 2, 2021, staff continues to recommend that the Board of Supervisors:

- a) Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending Chapter 50 of the Santa Barbara County Code, Licensing of Commercial Cannabis Operations in the unincorporated area of the County (Attachment A to the Board Letter dated November 2, 2021 and Attachment B to the memo dated November 1, 2021);
- b) Read the title and waive further reading of the Ordinance in full; and
- c) Set a hearing on the Administrative Agenda for November 9, 2021 to consider the Second Reading and CEQA determination for amendments to Chapter 50.