



**BOARD OF SUPERVISORS
AGENDA LETTER**

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

**Submitted on:
(COB Stamp)**

Department Name: County Executive Office
Department No.: 012
Agenda Date: June 9, 2026: First Reading
June 23, 2026: Second Reading
Placement: Departmental Agenda
June 9, 2026
Administrative
June 23, 2026
Estimated Time: 20 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Mona Miyasato, County Executive Officer
Contact Info: Brittany Odermann, Deputy CEO
SUBJECT: Amendments to the Cannabis Business Licensing Fee Ordinance

DocuSigned by:

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County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors on June 9, 2026:

- a) Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending the Ordinance 5256, "An Ordinance Amending and Superseding Ordinance No. 5181 Establishing the Cannabis Business License Fee (Attachment A);
- b) Read the title and waive further reading of the Ordinance in full; and
- c) Set a hearing on the Administrative Agenda for June 23, 2026 to consider recommendations, as follows:

On June 23, 2026:

- a) Consider adoption (Second Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending the Ordinance 5256, "An Ordinance Amending and Superseding Ordinance No. 5181 Establishing the Cannabis Business License Fee" (Attachment A); and
- b) Determine for the purposes of CEQA that:

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- i. Pursuant to CEQA Guidelines section 15168(c) these actions are within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) [Case No. 17EIR-00000-00003, State Clearinghouse No. 2017071016] adequately describes this activity for the purposes of CEQA.
- ii. Pursuant to CEQA Guidelines section 15162(a), after considering the PEIR certified by the Board of Supervisors on February 6, 2018, that no subsequent EIR or Negative Declaration is required because: i) no substantial changes are proposed which require major revisions of the PEIR due to the involvement of new significant environmental impacts or a substantial increase in the severity of previously identified significant effects; ii) no substantial changes have occurred with respect to the circumstances under which the ordinance is undertaken which require major revisions of the PEIR due to the involvement of new significant environmental impacts or a substantial increase in the severity of previously identified significant effects; and iii) no new information of substantial importance concerning the ordinance's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the PEIR was certified, has been received that shows any of the following situations elements of CEQA Guidelines Section 15162(3) apply.

Summary:

The proposed amendment recommends changes to the Cannabis business license fees including:

- remove the County of Santa Barbara Sheriff Department ("Sheriff") from the Cannabis business license fee schedule, contingent upon Board approval of the Amendment to Chapter 50 of the County Code – Licensing of Cannabis Operations scheduled for June 9, 2026; and
- remove the California Cannabis Authority (CCA) annual subscription membership fee of \$10,000 to participate in the "Keep Our County Informed" regulatory and legislative updates

Discussion:

Licensing Fees

This proposed ordinance will update fees to reflect the current cost for the cannabis licensing program, which was last updated in 2025. The amendment is to remove the County of Santa Barbara Sheriff Office ("Sheriff") from one-time initial applicant fees and annual renewal and compliance flat fees. This licensing fee update is contingent upon Board approval of replacement of the Sheriff Office role in cannabis business licensing activities specific to site security plan review and live scan check responsibilities as required in §50-11 with staff from the Cannabis Licensing Division.

Upon removal of the Sheriff from the cannabis licensing fee schedule, one-time deposit application fees, renewal flat fees, and compliance flat fees will decrease slightly across all license types. Staff worked closely with the Auditor-Controller to develop an updated fee schedule for cannabis operators reflecting the removal of Sheriff licensing staff hourly reimbursement rates. The adjustments being proposed as part of this overall fee ordinance amendment are summarized below:

1. Update fees to remove the Sheriff salary, benefits and Indirect Cost Rate Proposals (ICRP) from initial license review, renewals, and compliance activities.

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2. Withdraw the fee recovery measure associated with the current California Cannabis Authority (CCA) annual membership fee.

The proposed fees reflecting the changes mentioned above are summarized in Attachment A shown below; the difference in cost is also shown below. Attachment A also includes a summary of the activities associated with fees and staff rates. Attachment B of the ordinance amendment contains information used to calculate the new fees including: hourly rates; average proposed hours spent per application; and the proposed cost per application per department/position. The hourly rate fees set forth in this fee study shall be reviewed annually by the CEO Office and may be adjusted pursuant to changes in the Consumer Price Index (CPI) based on all urban consumers, Los Angeles-Riverside-Orange County area. Adjustments shall be rounded to the nearest dollar and become effective no earlier than July 1st each year and appropriate notice shall be provided to the public 30 days prior to the effective date of the adjustment. CEO staff will conduct subsequent fee studies no less than on a 3-year cycle to update license fees as needed to ensure program cost recovery.

Initial Application Fee Schedule

Initial Application Types & Associated Deposit Fees				
	Proposed Rates		Current Rates	
	Unincorporated	Carp Ag Overlay	Unincorporated	Carp Ag Overlay
Cultivation				
<i>Outdoor (Not subject to ECP)</i>	\$ 14,011	\$ 11,698	\$ 17,622	\$ 15,309
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 14,112	\$ 11,798	\$ 17,723	\$ 15,409
Nursery				
<i>Outdoor (Not subject to ECP)</i>	\$ 14,011	\$ 11,698	\$ 17,622	\$ 15,309
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 14,112	\$ 11,798	\$ 17,723	\$ 15,409
Non-Volatile Manufacturing	\$ 14,112	\$ 11,798	\$ 17,723	\$ 15,409
Volatile Manufacturing	\$ 14,112	\$ 11,798	\$ 17,723	\$ 15,409
Testing	\$ 7,433	\$ 5120	\$ 11,044	\$ 8731
Retail (includes both storefront & non-storefront)	\$ 7,433	\$ 5120	\$ 11,044	\$ 8731
Distribution	\$ 14,112	\$ 11,798	\$ 17,723	\$ 15,409
Microbusiness (applicant engages in three of the four following cannabis activities: cultivation, distribution, non-volatile manufacturing, and/or retail). Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for.	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for

Annual Compliance Management Process Fixed Fee

Compliance Application Types & Associated Flat Fees				
	Proposed Rates		Current Rates	
	Unincorporated	Carp Ag Overlay	Unincorporated	Carp Ag Overlay
Cultivation				
<i>Outdoor (Not subject to ECP)</i>	\$ 4826	\$ 4411	\$ 6061	\$ 5645

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<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4826	\$ 4411	\$ 6061	\$ 5645
Nursery				
<i>Outdoor (Not subject to ECP)</i>	\$ 4826	\$ 4411	\$ 6061	\$ 5645
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4826	\$ 4411	\$ 6061	\$ 5645
Non-Volatile Manufacturing	\$ 4826	\$ 4411	\$ 6061	\$ 5645
Volatile Manufacturing	\$ 4826	\$ 4411	\$ 6061	\$ 5645
Testing	\$ 3994	\$ 3579	\$ 5229	\$ 4813
Retail (includes both storefront & non-storefront)	\$ 3994	\$ 3579	\$ 5229	\$ 4813
Distribution	\$ 4826	\$ 4411	\$ 6061	\$ 5645
Microbusiness (applicant engages in three of the four following cannabis activities: cultivation, distribution, non-volatile manufacturing, and/or retail). Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for.	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for

Annual Renewal Fixed Fee

Renewal Application Types & Associated Flat Fees				
	Proposed Rates		Current Rates	
	Unincorporated	Carp Ag Overlay	Unincorporated	Carp Ag Overlay
Cultivation				
<i>Outdoor (Not subject to ECP)</i>	\$ 4061	\$ 3593	\$ 4805	\$ 4337
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4106	\$ 3638	\$ 4850	\$ 4381
Nursery				
<i>Outdoor (Not subject to ECP)</i>	\$ 4061	\$ 3593	\$ 4805	\$ 4337
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4106	\$ 3638	\$ 4850	\$ 4381
Non-Volatile Manufacturing	\$ 4106	\$ 3638	\$ 4850	\$ 4381
Volatile Manufacturing	\$ 4106	\$ 3638	\$ 4850	\$ 4381
Testing	\$ 2852	\$ 2384	\$ 3596	\$ 3128
Retail (includes both storefront & non-storefront)	\$ 2852	\$ 2384	\$ 3596	\$ 3128
Distribution	\$ 4106	\$ 3638	\$ 4850	\$ 4381
Microbusiness (applicant engages in three of the four following cannabis activities: cultivation, distribution, non-volatile manufacturing, and/or retail). Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for.	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for	Variable, based on the license types being applied for

California Cannabis Authority (CCA) Annual Membership Fee Withdrawal

Effective July 1, 2025, the Cannabis Licensing Division (“Division”) withdrew from the California Cannabis Authority (CCA) data platform participation and withdrew the fee recovery measures. The Division subsequently enrolled in the CCA Annual Membership to participate in the “Keep Our County Informed” regulatory and legislative updates; subscription costs totaled \$10,000 in FY 2025-26. Because CCA has dissolved their organization, the CEO Office is seeking Board approval to remove the expense from the licensing fee schedule effective July 1, 2026.

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Background:

In May 2018, the Board adopted Ordinance No. 5041 of the Santa Barbara County Code, “An Ordinance Establishing the Cannabis Business Licensing Fee.” Ordinance No. 5041 has since been amended six times in August 2019 (No. 5089), January 2020 (No. 5098), January 2022 (No. 5148), June 2023 (No. 5181), August 2023 (No. 5188), and June 2025 (No. 5256). Cannabis business license fees are collected for initial applications, annual renewals, and compliance activities. On June 10, 2025, the ordinance was amended to update fees to reflect changes in salary and benefits; adjust annual fees to reflect more data on the time coded and associated with renewal and compliance activities; adjust Indirect Cost Rate Proposals (ICRP) for each department; secure full-cost recovery for the cannabis business license specialist; secure partial-cost (50%) recovery for the cannabis program manager; and withdraw our California Cannabis Authority (CCA) data platform participation and fee recovery measures. CEO staff is returning to the Board with an ordinance to update fees to reflect removal of the County of Santa Barbara Sheriff Department from the Cannabis business license fee schedule, contingent upon Board approval of the Amendment to Chapter 50 of the County Code – Licensing of Cannabis Operations scheduled for June 9, 2026; and remove the California Cannabis Authority (CCA) annual subscription membership fee of \$10,000.

CEQA Determination:

Adoption of the proposed ordinance is within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the [Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report \(PEIR\)](#) (17EIR-00000-00003, State Clearinghouse No. 2017071016).

Fiscal Analysis:

Budgeted: Yes, Cannabis business license fee ordinance development has been budgeted in the County Executive Office’s current year operating budget. Staffing costs associated with business licensing team in County departments for application processing, licensing and compliance monitoring are included in the Preliminary Budget for Fiscal Year 2026-27.

It should be noted that in the Preliminary Budget, anticipated cannabis licensing fee revenue for all participating departments has decreased compared to prior years. Over its eight-year tenure, the licensing program has matured, leading to more streamlined processes across a significantly smaller and seasoned applicant base. This maturity and contraction have reduced the number of hours required per application and activity. Fee study analyses, both current and past, indicate that the Sheriff’s Office has historically been unable to recover enough licensing revenue to cover the cost of staff dedicated to licensing. For fiscal year 2025-26, Sheriff reduced their cannabis licensing staff from two full-time employees (FTEs) to one FTE to address the ongoing shortfall. CEO staff in coordination with the Sheriff’s Office has since proposed replacement of the Sheriff Office role in cannabis business licensing activities specific to site security plan review and live scan check responsibilities as required in §50-11 with staff from the Cannabis Licensing Division.

<u>Funding Sources</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund		
State		
Federal		
Fees	\$ 418,505.00	\$ 61,367.00
Other		

Narrative: The fiscal analysis above represents the projected staffing costs of the cannabis business licensing team using both the proposed fixed fees for compliance and renewals, as well as one-time

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costs for initial applications which will remain a deposit fee. Fee revenue will be generated from license application and compliance fees charged to those applying for and receiving a cannabis business license and is expected to fully recover the cost of the licensing and compliance program. Staff will continue to perform an annual fee analysis by reviewing business licensing team labor hours associated with each application and ensure that the fixed fees continue to achieve full-cost recovery.

One-time costs identified above will be incurred as the licensing team completes the processing of all initial applications, and first-time licenses are issued. Once a license is issued, the team's focus transitions to mid-year compliance efforts, and processing annual renewal applications.

Special Instructions:

The Clerk of the Board shall publish the ordinance in accordance with Government Code section 25124.

Attachments:

Attachment A – Cannabis Business Licensing Fee Ordinance Amendment

Authored by:

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