



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

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

Submitted on:
(COB Stamp)

Department Name: County Executive Office
Department No.: 012
Agenda Date: January 27, 2026
Placement: Departmental Agenda
Estimated Time: 30 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: Brittany Odermann, Deputy CEO
SUBJECT: Update on Cannabis Taxation, Permitting, and Licensing – First Quarter FY 2025-26

DocuSigned by:

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County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Receive and file an update on the status of cannabis tax collection, land use permitting, and business licensing;
- b) Provide any other direction to staff regarding the County's cannabis program, including whether to reopen the retail application process for the Toro Canyon/Summerland Community Plan Area; and
- c) Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a "project" as defined for the purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).

Summary:

This item provides the Board and public an update for the first quarter of fiscal year 2025-26 (July 1, 2025, to September 30, 2025). Quarterly updates are usually provided 3-4 months after the close of the quarter; quarterly tax reports and payments are due one month following quarter close. However, operators can pay up to two months past quarter close along with a delinquent fee. Q1 quarterly tax payments were due October 1; operators could pay up until November 30 with a delinquent fee and interest without jeopardizing business license renewal. These quarterly reports provide a summary of cannabis tax receipts, land use permitting and business license activity, and

objectives for the current fiscal year. Attachment A includes detailed reporting on these items including comparisons to prior quarters and past fiscal years.

Discussion:

Cannabis Tax Revenue

Cannabis tax revenue totaled approximately \$1.7 million in the first quarter reporting period of fiscal year 2025-26 (taxes collected as of November 30, 2025, for the period July 1 to September 30, 2025). This represents just over 33% of the total FY 2025-26 adopted budget of \$5.1 million. Table 1 of Attachment A compares first quarter revenues for the last three fiscal years. This quarter is 31% higher than 2024-25 Q1.

Permitting & Licensing

Land Use Entitlements

The Planning and Development Department (P&D) is continuing to review submitted land use entitlement applications. As of December 24, 2025, there is currently one application for a new cannabis operation under review in the Carpinteria Agricultural Overlay Area (“Carpinteria Overlay”) and there are five applications for new cannabis operations in the Unincorporated area outside of the Carpinteria Agricultural Overlay (“Unincorporated area”). There are currently no active appeals to the County Planning Commission. The Appeal of the G&K Processing Building Design Review is the only active appeal to the County Board of Supervisors. Table 3 of Attachment A summarizes the project applications that are currently on appeal to the Planning Commission and the Board. There have been several actions taken on existing approved cannabis entitlements.

Odor Abatement

On April 1, 2025, the Board adopted a Chapter 50 – Licensing of Cannabis Operations ordinance amendment to incorporate odor abatement requirements in compliance with amendments to the Land Use Development Code (LUDC) and Article II of the Coastal Zoning Ordinance (Article II). The amendments require the installation of multi-technology carbon filtration (MTCF), or an equivalent technology, for indoor growing and processing operations and the submission of an odor affidavit. On March 18, 2025, the Board adopted the related amendments to the LUDC and Article II requiring several new components including equipment run-time meters and revised Odor Abatement Plans (OAP) to be certified by a California-licensed engineer. These amendments became final and effective as of December 12, 2025 when the California Coastal Commission’s (CCC) Executive Director made a determination that the County’s action was adequate to effectuate the CCC certification. Under these amendments, OAPs must be submitted for Planning and Development review and approval prior to the equipment installation deadline of March 18, 2026. One-time extensions, up to twelve months, for extenuating circumstances were due on December 18, 2025.

As of January 7, 2026, 10 out of 28 impacted cannabis operators have installed MTCF equipment that meets the requirements of the amended ordinances. Eighteen operators are still required to install additional MTCF equipment; 13 of the 18 operators are still required to submit Odor Abatement Plans by the March 18, 2026, deadline. Eleven out of the 18 operators submitted MTCF extension requests by the December 18, 2025, deadline. Eleven out of 28 new and renewing licensed operators submitted odor affidavits. Extension requests are currently being evaluated by staff; Planning and Development Director’s recommendations will be presented to the Board of Supervisors on March 3, 2026. Staff continues to encourage early submission of any OAP revision requests to meet the required deadlines.

Acreage Caps

On June 3, 2025, the Board directed staff to reduce the acreage caps in the Carpinteria Overlay (originally capped at 186 acres) and Unincorporated area (originally capped at 1,575 acres) to include all issued, approved and submitted cultivation acres using the current definition in County Code Chapter 50 which excludes processing. On August 26, 2025, the Board adopted reduced caps to include acreage with *issued* land use entitlements; acreage with *approved* land use entitlements; and *submitted* acreage in the permit application process pending land use entitlement approval and issuance. The adopted ordinance, effective on September 26, 2025, caps the Carpinteria Overlay area at 134 acres and caps the Unincorporated area at 1,417 acres. The caps limit cultivation as defined by Chapter 50 only; processing acres are excluded. Both acreage caps were calculated by confirming the total acreage of all submitted, approved and issued cannabis cultivation land use entitlement applications submitted to the Planning & Development Department as of June 3, 2025. Table 4 of Attachment A summarizes the current number of Eligibility List claimed acres and the number of acres left in the acreage cap.

County Business Licensing

At the close of Q1, the program had 47 operators holding 80 licenses (see Attachment A, Table 5). Three initial applicants withdrew their business license applications. No licensed operators surrendered their cannabis business licenses. Attachment A, Tables 5 through 7, provide details on the number of issued business licenses, the number of initial applicants and the number of withdrawn operations.

Retail Dispensaries

The County approved six dispensary retail locations through a competitive application process. The Farmacy Isla Vista, The Farmacy Santa Ynez and Dr. Greenthumb's in Orcutt are all in operation. Island Drift, LLC in Eastern Goleta Valley is waiting issuance of their Certificate of Occupancy including issuance of their local and state licenses. The Planning & Development CUP application for Honalee Management, LLC in Los Alamos is under review. The Haven XV, LLC applicant in the Toro Canyon/Summerland location did not submit their Planning and Development CDP application for review within the required 90-day period; the applicant has been removed from the Toro Canyon/Summerland Community Plan Area (CPA) final ranked list. There are no additional ranked applicants in the Toro Canyon/Summerland CPA queue. Chapter 50 states that the Criteria-Based Application and Selection process for cannabis storefront retail may begin anew upon exhaustion of the ranked list applicants or at the end of five years. The Toro Canyon/Summerland CPA final ranking list is exhausted and expires on April 30, 2026. Staff requests Board direction regarding reopening the application process for this CPA.

Objectives for the Upcoming Quarters

1. Propose and implement Chapter 50 ordinance amendment(s) pertaining to the reorganization, reassignment and/or removal of departmental duties to simplify the issuance of administrative cannabis business licenses.
2. Update Cannabis Licensing fees in accordance with proposed amendment staffing reductions.
3. Consider reopening the retail application process for the Toro Canyon/Summerland Community Plan Area.
4. Monitor and coordinate new odor abatement requirement affidavits, plans, extensions and installation deadlines in collaboration with Planning & Development staff.

Background:

In May 2018, the Board adopted Chapter 50 of the Santa Barbara County Code, Licensing of Cannabis Operations detailing the requirements for commercial cannabis operators to be licensed in the County. Since the effective date of the cannabis ordinances (June 2018 in the Unincorporated area outside the Carpinteria Overlay, November 2018 in the Carpinteria Overlay zone), cannabis operations have been applying for County cannabis land use permits and business licenses. Chapter 50 has since been amended several times to reflect necessary changes in the business licensing process; it was most recently amended in August 2025. Additionally, the ability for the County to levy a Cannabis Operations Tax is provided under the California Revenue and Taxation Code Section 34021.5(a)(1). On February 13, 2018, the Board adopted Ordinance No. 5026 adding Chapter 50A to the Santa Barbara County Code, "Tax on Cannabis Operations". In June 2018, the voters approved a measure establishing a general tax on cannabis operations. The current tax structure is based on the gross receipts of each operation's activities involving cannabis or cannabis products. Chapter 50, section 50-15 requires that the County Executive Office provide reports to the board on the status of cannabis business licensing program at least annually.

Attachments:

Attachment A – Cannabis Taxation, Permitting, and Licensing, 1st Quarter Report FY 2025-26

Attachment B – Q1/Q2 District Attorney Cannabis Update

Contact Information:

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