

Cannabis Business License Fee Ordinance Amendment

Board of Supervisors
August 22, 2023



Background

- Board adopted an ordinance establishing the cannabis business licensing fee in May 2018 to recover the reasonable cost of providing the services and regulatory activities for the licensing program
- Since adoption the fees have been adjusted to reflect changes in salaries and benefits and adequately cover staff time associated with processing cannabis business licenses
- At the May 16th Board meeting, staff received direction to return with an amendment that would include fees to recover cost for the use of the California Cannabis Authority's (CCA) data analytics platform

Fee Structure Methodology

- This amendment adds a fee that is estimated to generate \$280,000 to recover the County's cost for the use of the CCA data platform in fiscal year 2023-24
- Fees are calculated by applying a fixed 3% to the State fee charged for renewing a State cannabis business license
- Operators with active state licenses at the beginning of each quarter will be billed the fixed percentage for each state license that they hold
- Cost to the operator will vary based on the number and type of licenses according to the fee schedules included in the ordinance amendment as shown in Attachment A of the board letter

Summary

- Staff worked with CCA to lower the cost of access to data platform with analytics from State cannabis track and trace system
- To date, cannabis tax revenues covered cost of platform (\$500k/year for Fiscal Years 21-22 and 22-23)
- This amendment proposes to add fees to cannabis licensing program to recover the County's cost for use of platform
- County will invoice each operator with active state licenses quarterly as shown in the fee schedule, effective September 30th (billing for 2nd quarter)
- Savings to cannabis licensing operations and impact to cannabis tax revenue will be evaluated with quarterly budget update

Recommended **Actions**

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 Ordinance 5181, “An Ordinance 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 of August 29, 2023 to consider the Second Reading and CEQA determination for amendments to Ordinance 5181.