

UPDATE ON CANNABIS COMPLIANCE, ENFORCEMENT & TAXATION

FIRST QUARTER – FY 2019-20

SB County Planning Commission
March 4, 2020



County Executive Office

TODAY'S PRESENTATION

- Brief legislative history
- Purpose and Authority
- Cannabis Business License Required
- Application Review Process
- Emerging Issues

Previous Board Actions

2016 Board prohibited all cannabis operations

Pre-existing operations were given legal, non-conforming status as long they had been (and remained) in compliance with State cannabis licensing laws and submitted an affidavit attesting to such operation

2018 Board amended the land use codes to establish zoning, development standards, and permitting requirements for cannabis operations

2018 Board adopted an ordinance establishing a commercial cannabis business licensing system

Requires application review, site visits, compliance checks, compliant assessment and resolution among other important activities

Previous Board Actions

2019 Board provided conceptual direction on possible amendments to commercial cannabis operations licensing

Merit-based retail storefront selection process to be considered on March 17, 2020

2019 Board allowed for concurrent processing of applications for Business Licenses and Land Use Permits

Purpose and Authority

The Board of Supervisors adopted the Cannabis Business License Ordinance (Chapter 50) which **allows for an inquiry into the fitness of the proposed user**. In establishing Chapter 50, it is the Board of Supervisor's intent to:

- Encourage a well regulated cannabis industry
- Eliminate illegal cannabis operations and access to illegal and untested cannabis
- Protect the health, life, safety and general welfare of residents, particularly vulnerable minors

Cannabis Business License Required

- Any person who intends to engage in a commercial cannabis operation in the unincorporated area of the County shall obtain a cannabis business license
- A separate cannabis business license shall be required for each person or entity for each fixed location in which the commercial cannabis activity is to occur and for each licensed activity

Cannabis Business License Required

- A cannabis business license shall be obtained prior to commencement of business or, if the business is in operation and a license possessed, prior to the expiration of such license
- Any person who seeks or obtains a State Annual cannabis license is also required to obtain the corresponding Santa Barbara County cannabis business license

Application Content Requirements

Information on the Operation

- Copy of the applicant's State cannabis license or applications
- Quantity and type of State licenses required for the proposed commercial cannabis operation
- State seller's permit or evidence that the applicant is currently applying for such
- Land Use Entitlement/Permit – copy of the approved and/or issued land use entitlement, or land use entitlement application accepted by P&D for the proposed commercial cannabis operation.

Application Content Requirements

Plan Documents & Other Requirements

- Site Security Plan
- Background Checks
- Quality Control Plan
- Energy Conservation Plan
- Inventory Control Plan
- Cultivation Plan
- Transportation Plan

Application Review Process

Coordination and Review of Licenses

The County Executive Office:

- Functions as lead coordinator for the licensing review process for all cannabis business licenses
- Reviews the license or renewal application, and forwards it to the County's licensing and compliance staff for review, findings, site inspections, and recommendations
- Determines if there is any cause for denial based on recommendation and findings of licensing and compliance staff
- Approves denial or license issuance – this remains separate from the land-use process

Application Review Process

Cannabis Business License Review Team

Per Chapter 50, the following departments have been assigned specific application element review and site inspection responsibilities:

- Agricultural Commissioner
- County Fire & Carp-Summerland Fire District
- Community Services (Sustainability Division)
- Planning & Development
- Public Health (Environmental Health Services Division)
- Sheriff
- Treasurer-Tax Collector

Business Licenses

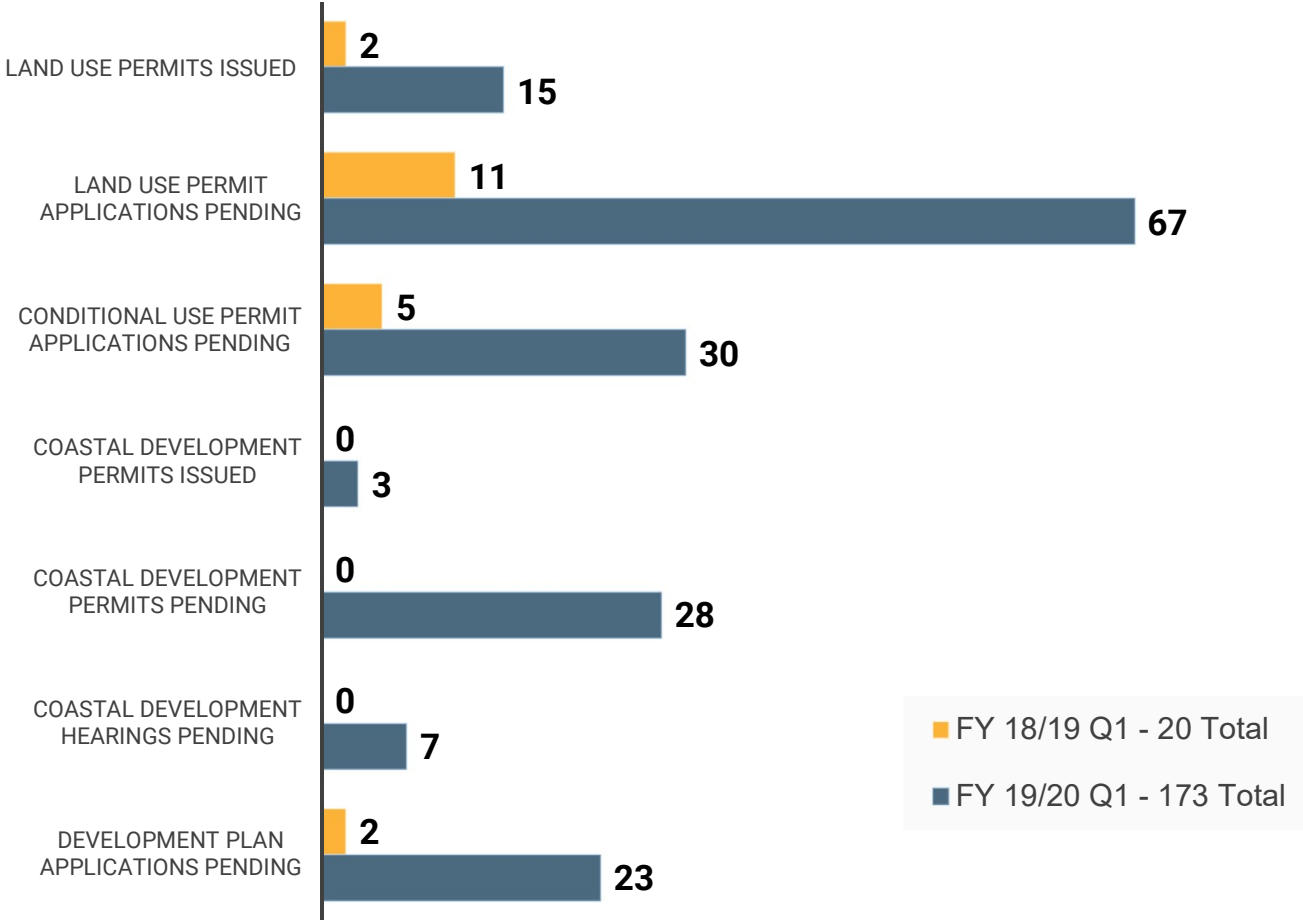
Business Licenses Issued	10
Business Licenses Pending	48
Cultivator	34
Nursery	17
Manufacturer	1
Retail Non-Storefront	2
Distributor	4
Operators Participating in Concurrent Process	18

Land Use Planning Permits by Status

In Acres

	Inland Area	Coastal Zone
Permitted	221	22
In Pipeline	1,772	182
Total	1,993	204
Cap	1,575	186

Q1 Permitting Year-Over-Year Comparison

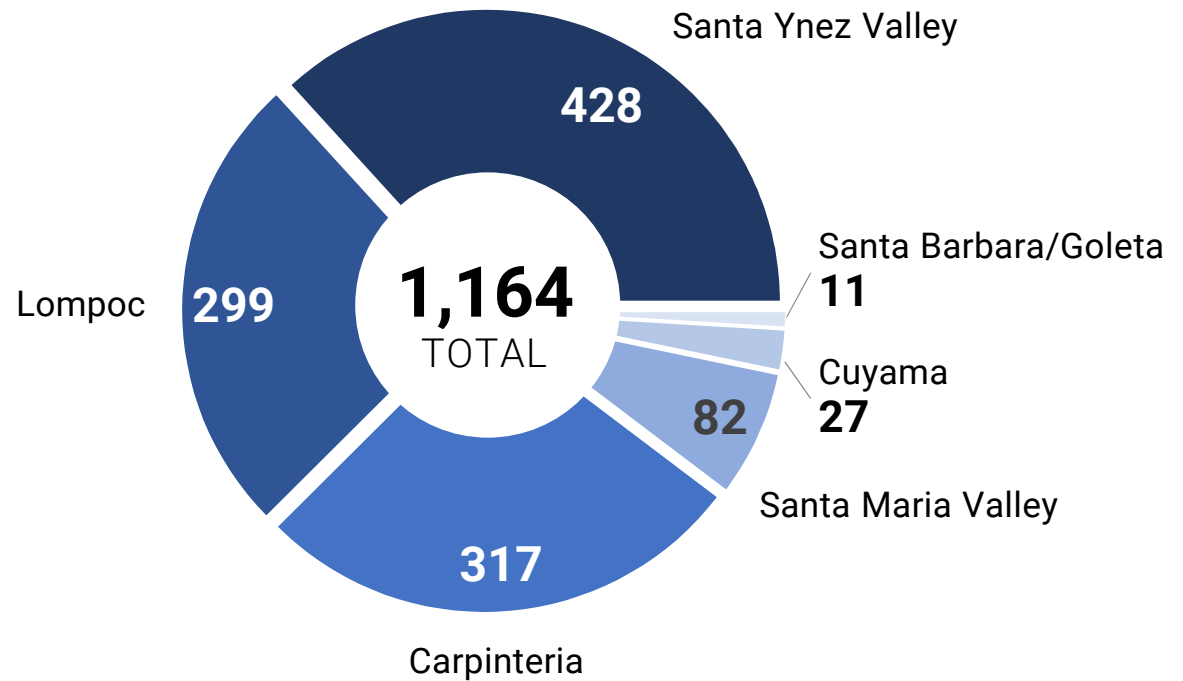


State Licenses in Unincorporated Area

County with second highest number of licenses and acreage in California

Data as of January 8, 2020

Number of Active Cultivation Licenses 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 including a letter of authorization by the county

Retail Storefront Selection Process

- Board voted to adopt an ordinance amendment to the Business Licensing Ordinance to establish a merit-based selection process
- Staff will return on March 17, 2020 to present:
 - Scoring sheet criteria for business operations proposals and neighborhood compatibility plans
 - Projected timeline for the selection process

Issues to be addressed

- Take steps to encourage applicants to make use of concurrent processing which will help narrow the gap between the land and the user
- Review the number of CUP applications, especially as it relates to those operations that are in or adjacent to EDRN's
- Ensure that applicants who are appearing before the Planning Commission are in full compliance with all requirements
- Participate in the State's Track & Trace Beta test

Issues to be addressed

- Odor issues remain a challenge, particularly identifying the source of the problem
- Developing a criteria for withdrawing the letters of authorization
 - Failure to move through the land use process
 - Enforcement actions taken, either by Sheriff, P&D or the Agricultural Commissioner
 - Failure to file tax reports as required
 - Community complaints with documented evidence

Implemented Changes

- Cannabis Oversight Group
- Cannabis Legal Review
- Cannabis Enforcement team modifications

QUESTIONS

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