

CHAPTER 50

Licensing of Cannabis Operations Ordinance Amendments

Board of Supervisors
June 3, 2025



County Executive Office

Overview

- Chapter 50 Ordinance Amendments
 - Criminal history checks
 - Metrc API key
- Cap Reduction Options
- Seek any other board direction regarding the County's cannabis program

Background *Criminal History Checks*

- Board adopted Chapter 50, Licensing of Cannabis Operations, in May 2018
- Chapter 50 has been amended several times to address unanticipated issues identified over time
- Staff received prior Board direction to review criminal history check requirements
- The CEO's office worked with SBSO to address Board and operator concerns but could not reach consensus
- There are 2 criminal history check options presented today
 - Option 1 is aligned to Department of Cannabis Control (DCC) licensing requirements
 - Option 2 is proposed by the Santa Barbara Sheriff's Office (SBSO)

Introduction

Criminal History Checks

- Currently, Chapter 50 live scan and criminal history check requirements fall into (3) categories
 - §50-11(b)(1); live scans for all applicants, owners, persons with at least twenty percent financial interest, managers and supervisors
 - §50-11(b)(2); pertains to directly employed permanent employees not referenced in the first category; these employees are required to complete a criminal history check that is equivalent to, and may include the use of, live scan
 - §50-11(b)(3); requires criminal background checks of all third-party laborers, seasonal, or temporary workers who move from premise to premise during the cultivation season, or who work for four months or less

Discussion

Criminal History Checks

- Existing language has caused concern from Board members and cannabis operators, including operational and managerial issues, and disincentives to farm laborers
- Primary issues of concern
 - Operational:
 - Because permanent employees are required to be live scanned, operators oftentimes default to third-party labor out of necessity
 - 3rd party staff cannot work in sensitive areas and must be supervised at all times by permanent employees
 - Metrc inventory access is considered sensitive; Metrc staff must be live scanned
 - Managerial:
 - Only permanent staff can act as supervisors or managers; 3rd party labor are prohibited from managing or supervising
 - Disincentives:
 - Live scans and criminal history checks disincentivize farm labor to work in the cannabis industry
 - Prohibits farm labor from managerial and supervisory positions

Option 1-DCC *Criminal History Checks*

- CEO staff recommends removal of the live scan and criminal background check requirements for all permanent workers (including managers and supervisors), 3rd party laborers and seasonal or temporary workers to align code with the Department of Cannabis Control (DCC) requirements
- Proposed amendment language is as follows:
 1. Live scan requirements are limited to business owners and any other persons with at least 20% financial interest
 2. Scans must be conducted by entities authorized by the CA Dept. of Justice to perform live scan services

Option 2-SBSO *Criminal History Checks*

- SBSO recommends removal of criminal background check requirements for manual labor only
- Proposed amendment language is as follows:
 1. Expands existing live scan requirements beyond owners, managers and supervisors to include Metrc staff, employees or “any person” with access to sensitive areas on-site
 2. Manual labor cannot work in sensitive areas, must be supervised at all times, in all areas by a permanent employee and is prohibited from supervisorial or managerial positions and duties
 3. Defines “sensitive” areas as
 - locations where cannabis or cannabis products are stored, prepared for sale, or displayed for purchase

Option 2-SBSO Criminal History Checks

“sensitive” areas definition, continued

- designated locations where cash is kept, or money is counted;
 - surveillance recording and data storage system locations; or
 - other designated areas identified as sensitive during the application process
4. Live scan forms must be obtained from SBSO
 5. Requires operators to maintain primary identification for all persons (minus manual laborers); licensee to provide to SBSO upon request to verify identity and conduct criminal history checks
 6. Scans must be conducted by entities authorized by the CA Dept. of Justice to perform live scan services

Sample DCC & County of Monterey Live Scan Language

Issue Area	Proposed Amendment	County Code
Live Scan Requirements DCC	A copy of the owner’s completed application for electronic fingerprint images submitted to the Department of Justice. § 15002(c)(16)(K)	§ 15002
Live Scan Requirements County of Monterey	All owners and persons having a twenty percent (20%) or more financial interest must submit fingerprints and other necessary information for a criminal background check conducted by any entity authorized by the California Department of Justice to perform Live Scan fingerprinting services. § 7.90.050(C)(7)	§ 7.90

Background

Metrc API Key

- In September 2021, the Board executed a Joint Exercise of Powers Agreement with the California Cannabis Authority (CCA) and data analytics platform subscription
- At the July 18, 2023 Board meeting, the Board approved an amendment to include fees for the cannabis licensing program to recover the costs for the use of the platform
- Staff now has access to the State's Metrc data through Metrc Viewer for seed to sale records; platform access is no longer required
- Staff intends to cancel the data platform subscription and delete the fee recovery
- Cancellation negates the Chapter 50 requirement to provide a Metrc Application Programming Interface (API) key

Proposed Amendments – API Key Removal

Issue Area	Proposed Amendment	County Code
Application content for an annual cannabis business license	<p>Content removed from Chapter 50.</p> <p><u>Current language:</u> States that an application shall contain an Application Programming Interface (API) key to the state's track and trace system (METRC) associated with all state licenses in Santa Barbara County.</p>	§ 50-8
Cannabis business license operating requirements	<p>Content removed from Chapter 50.</p> <p><u>Current language:</u> States that operators shall provide their API key to the state's track and trace system within ten days of receiving a state license or of the county's request to obtain the API key.</p>	§ 50-25

Background

Cap Reduction

- At the March 18, 2025 Board meeting, staff received direction to provide acreage cap reduction options
- Currently Chapter 50 limits the Carpinteria Agricultural Overlay District to 186 acres of cannabis cultivation and limits the Unincorporated area to 1,575 acres
- The cannabis cultivation acreage is not at the cap limit in either area
- Acreage in the land use entitlement process include Issued, Approved, and Submitted acres

Background

Cap Reduction

- Issued acres includes all acreage with issued land use entitlements
- Approved acres include applicants with an approved but not issued land use entitlement
- Submitted acres includes the submitted cannabis cultivation acres in the permit application process pending land use entitlement approval and issuance
- There are 3 acreage cap options presented today that are based on the acreage that is in the land use entitlement process
 - Option 1 maintains the status-quo
 - Option 2 reduces acreage to the Issued and Approved acres
 - Option 3 reduces acreage to the Issued, Approved, and Submitted acres

Options

Cap Reduction

- **Cap Option 1**: Status Quo (186 acres in Carpinteria Overlay; 1,575 acres in Unincorporated), or
- **Cap Option 2**: Existing acreage for which land use entitlements have been Issued and Approved (138 acres in Carpinteria Overlay; 1,357 acres in Unincorporated), or
- **Cap Option 3**: Existing acreage for which land use entitlements have been Issued, Approved, and Submitted (140 acres in Carpinteria Overlay; 1,411 acres in Unincorporated), or
- Other direction as appropriate.

ACREAGE CAP STATUS BY AREA – LAND USE ENTITLEMENT PROCESS

Region	Status Quo (Option 1)	Issued*	Approved**	Issued and Approved (Option 2)	Submitted***	Issued, Approved and Submitted (Option 3)
Carp Ag Overlay	186	138	0	138 (26% reduction)	2	140 (25% reduction)
Unincorporated	1,575	1190	167	1357 (14% reduction)	54	1411 (10% reduction)
Total	1,761	1328	167	1495	56	1551

**Issued acres: total acres with an issued land use entitlement.*

***Approved acres: total acres with an approved, but not yet issued, land use entitlement.*

****Submitted acres: total submitted cannabis cultivation acres in the permit application process pending land use entitlement approval and issuance.*

Summary

- There are (2) options to modify criminal history check requirements
 - Option 1 is board directed, and CEO recommended, aligns Chapter 50 with DCC regulations, right-sizes restrictive requirements, simplifies the process, and considers the farm labor community
 - Option 2 is SBSO recommended to keep people with criminal records from working in cannabis and to guarantee supervision of manual labor at all times
- Staff intends to remove the requirement for operators to provide an API Key
- If approved, new ordinance language is effective 30 days from second reading (approval) on June 10, 2025

Summary

- Staff is seeking board direction to return with Chapter 50 ordinance amendments as needed
- Staff has provided (3) options to choose from including
 - Option 1: status quo cap of 186/1,575
 - Option 2: reduced cap including Issued and Approved acres to 138/1,357
 - Option 3: reduced cap including Issued, Approved, and Submitted to 140/1,411
 - Other direction as appropriate

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 Chapter 50 of the Santa Barbara County Code, Licensing of Cannabis Operations pertaining to existing criminal background check and live scan requirements and approve one of the following options:
 - 1. Option 1 (Attachment A) aligns background check requirements with the California Department of Cannabis Control (DCC) regulation by requiring live scans only for those with minimum 20 percent financial interest in the operations and makes other changes (Recommended); or
 - 2. Option 2 (Attachment C) expands requirement of live scans for broader group of individuals excluding persons hired for the sole purpose of manual labor; defines sensitive areas, prohibits manual labor from working in sensitive areas, disallows manual labor from supervisory or managerial duties and requires permanent employee supervision of manual labor (including managers, supervisors and workers) at all times in all areas of the farm or facility; and makes other changes (Proposed by Santa Barbara Sheriff's Office); or
- b) Read the title and waive further reading of the ordinance in full;
- c) Provide other direction as appropriate; and
- d) After providing direction to staff on which ordinance Option to move forward, set a hearing on the Administrative Agenda for June 10, 2025 to consider the Second Reading and CEQA determination for amendments to Chapter 50.