

# Amendment to Cannabis Business License Fee Ordinance

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Board of Supervisors  
January 11, 2022



County Executive Office

# Context

- Board adopted Ordinance No. 5041, Establishing the Cannabis Business Licensing Fee, in May 2018
- Current fees for initial applications, annual renewals, and compliance activities are deposit fees
- Proposed amendment will update fees to:
  - Reflect changes in salaries and benefits
  - Adjust the Indirect Cost Rate Proposal (ICRP) for each department
  - Add County Fire and Carpinteria Summerland Fire District to the rate structure; previously omitted
  - Convert the annual renewal and compliance fees to fixed fees; initial applications will continue with deposit fees, staff expects few new applications due to acreage cap

# Process

- Staff reviewed available data, including historical hours spent on each application by activity and department
- Data was used to update averages of time spent on each application
- Current hourly rates and indirect costs were applied
- New estimates and rates presented and vetted with business license team departments; operational and finance staff
- Full fee study reviewed and achieved concurrence from Office of the Auditor-Controller

## Initial Application Fee Schedule

Current Deposit Fee All License Types	New Deposit Fee
\$3,250	Ranges from \$3,380 - \$5,758
Fee varies based on type of license, area of operation, and whether energy conservation applies.	

### Annual Compliance Management Processes Fixed Fee

Current Deposit Fee All License Types	New Fixed Fee
\$2,500	Ranges from \$2,593 - \$4,276

### Annual Renewal Fixed Fee

Current Deposit Fee All License Types	New Fixed Fee
\$3,600	Ranges from \$2,803 - \$4,989

Fees vary based on type of license, area of operation, and whether energy conservation applies.

# Summary

- Existing deposit fee model is not achieving full cost recovery because rates are outdated
- Deposit fee model costs approximately \$60k in administrative time to recognize revenues to 8 different departments
- Staff will continue to track time and conduct an annual fee analysis to ensure fixed fees continue to achieve full cost recovery
- Fixed fee model used for other processes throughout the County with success and provides applicants certainty for total fees charged in renewal and compliance efforts

## Recommended **Actions**

On November 2, 2021, staff continues to recommend 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 and superseding Ordinance 5041, “An Ordinance Establishing the Cannabis Business License Fee”;
- b) Read the title and waive further reading of the Ordinance in full; and
- c) Set a hearing on the Administrative Agenda for January 25, 2022 to consider recommendations.