

CHAPTER 50

Licensing of Cannabis Operations Ordinance Amendments

Board of Supervisors
February 15, 2022



Background

- Board adopted Chapter 50, Licensing of Cannabis Operations, in May 2018
- Cannabis operators have been applying for cannabis land use permits and business licenses since the cannabis ordinances became effective in June 2018 (inland area) and November 2018 (coastal zone)
- Chapter 50 has been amended several times to address unanticipated issues identified over time
- Proposed amendments to the cannabis licensing ordinance will remove processing activities from the acreage cap; allow changes in ownership that maintain a spot in the acreage cap; and set forth additional timelines for legal, non-conforming operations

Proposed Amendments

Issue Area	Proposed Amendment	County Code
Limits on Cannabis Business Licenses/Acreage Cap and Processing	<p>Removes processing activities from the acreage cap by more narrowly defining the activities that count in the area used to determine the acreage limits on cannabis business licenses</p> <p>Establishes a June 30, 2022 sunset date for all legal non-conforming operators in the unincorporated inland area that have an approved land use entitlement to obtain their business licenses or cease operations</p> <p>Includes an additional six-month period for legal non-conforming operators that have an approved land use entitlement to remain on the Eligible Business License Applicants List (reserved spot in the acreage cap) while they complete the permitting and licensing processes through 2022</p>	§ 50-7

Proposed Amendments

Issue Area	Proposed Amendment	County Code
Cannabis Business License Limit – Nontransferable	Clarifies that pending business licenses are subject to the limitations in Section 50-23 “Changes in Ownership”	§ 50-22
Change in Ownership	Ensures that all changes in ownership and business entity are properly noticed and vetted before changes go into effect Allows for change in ownership and license transferability to another operator on the same permitted parcel, after being properly vetted, while maintaining spot on the Eligibility List	§ 50-23

Sunset for Legal Non-Conforming Operations with Land Use Approval and Acreage Secured Under the Cap

- Amendment establishes June 30, 2022 deadline to complete the business license process or cease LNC operations
- A second six-month period will allow applicants that have ceased operations to stay on the Eligibility List until December 31, 2022 while they complete the licensing process
- The issuance of a permit and business license are required for the County to carry out compliance efforts
- Over two years have elapsed since the deadline to submit a land use entitlement application that allowed operators to continue cultivation under legal, non-conforming status
- The deadline applies to Unincorporated Inland area only since the Carpinteria Ag Overlay area acreage limit has not yet been reached
- To date, would affect 15 operators representing about 222 acres

Cannabis Processing and Acreage Cap

- Proposed amendment will exclude processing activities from the acreage cap calculation and allow new land use entitlement and business license applications for processing facilities
- Acreage cap constraints led to exclusion of on-site processing activities to expedite the land use approval process for many applicants
- Inland, unincorporated area cap is committed with very few existing or proposed processing facilities in the county
- Current processing area is approximately 3 acres in the Inland cap, and 6 acres in the Carpinteria Ag Overlay
- Freed up acreage will be offered as a, “first right of refusal” to the operator where it was generated before making it available to applicants on the Wait List

Changes in Ownership

- Proposed language allows for applicants and operators to transfer ownership rights in excess of twenty percent with a new business license application while maintaining a spot on the eligibility list
- New owners and entities must be properly vetted and reviewed before approval is given for the transfer
- Change in ownership and license transferability is allowed on the same permitted parcel only
- Applicants and operators must continue to comply with all county codes, state law, and continue to make appropriate progress through the business license process
- Requires timely notification and submittal of new business license application
- Encourages transparency and facilitates removal of non-compliant individuals

Future Amendments

- Timeline for using an operators' reserved acreage in the cap once a business license is issued
- Allowance for fallowing as an agricultural practice
- Cultivation area measurements – canopy versus “cannabis cultivation activity” area
- Possible additional change in ownership, financial interest, and license transferability issues

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 Commercial Cannabis Operations in the unincorporated area of the County;
- b) Read the title and waive further reading of the Ordinance in full; and
- c) Set a hearing on the Administrative Agenda for March 1, 2022 to consider the Second Reading and CEQA determination for amendments to Chapter 50.