

Amendment to Cannabis Business License Fee Ordinance

Board of Supervisors
June 3, 2025



County Executive Office

Overview

- This item proposes changes to the cannabis business license fees:
 - Adjust annual flat fees to reflect time spent on compliance and renewal activities
 - Update fees to include changes in salaries and benefits
 - Adjust department overhead rates as approved by the Auditor Controller
 - Secure cost recovery for 1.5 FTE (one license specialist and 0.5 program manager) in the CEO's Office
 - Withdraw fee recovery measure associated with external data platform which analyzes track and trace system (Metric)

Background *Licensing Fee*

- Board adopted Ordinance No. 5041, Establishing the Cannabis Business Licensing Fee, in May 2018
- The license fee ordinance has been amended (5) times
- Ordinance was amended in May 2023 to reflect changes in salaries and benefits, update the ICRP for each department, and secure full-cost recovery for (2) cannabis business license specialists
- Proposed amendment will update fees to current staffing and cost levels for licensing

Background *Data Platform*

- 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 terminate use of the data platform and delete the fee recovery mechanism

Process

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

Summary

- Existing fee schedule is not achieving full cost recovery because rates are outdated; proposed fees reflect updated business licensing team salaries and ICRP
- Proposed fees are designed to secure full-cost recovery for (1.5 FTE) in CEO's Office for cannabis business license specialist and cannabis program manager assigned to the initial license review, renewals, and compliance
- New fees are estimated to generate ~\$600K in revenues to cover licensing and compliance activities for participating departments

Summary

- Fees include \$10K allocated to the California Cannabis Authority annual membership
- Hourly rates will be reviewed annually and may be adjusted pursuant to changes in the Consumer Price Index (CPI)
- Fee analyses will transition to a 3-year schedule starting in FY 2025-26 to ensure continued program cost recovery

Initial Application Deposit Fee

Initial Application Types & Associated Deposit Fees		
	Proposed Rates	
	Unincorporated	Carp Ag Overlay
Cultivation		
<i>Outdoor (Not subject to ECP)</i>	\$ 17,622	\$ 15,309
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 17,723	\$ 15,409
Nursery		
<i>Outdoor (Not subject to ECP)</i>	\$ 17,622	\$ 15,309
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 17,723	\$ 15,409
Non-Volatile Manufacturing	\$ 17,723	\$ 15,409
Volatile Manufacturing	\$ 17,723	\$ 15,409
Testing	\$ 11,044	\$ 8731
Retail <i>(includes both storefront & non-storefront)</i>	\$ 11,044	\$ 8731
Distribution	\$ 17,723	\$ 15,409
Microbusiness <i>(Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for)</i>	Variable	Variable

Annual Compliance Fixed Fee

Compliance Application Types & Associated Flat Fees		
	Proposed Rates	
	Unincorporated	Carp Ag Overlay
Cultivation		
<i>Outdoor (Not subject to ECP)</i>	\$ 6061	\$ 5645
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 6061	\$ 5645
Nursery		
<i>Outdoor (Not subject to ECP)</i>	\$ 6061	\$ 5645
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 6061	\$ 5645
Non-Volatile Manufacturing	\$ 6061	\$ 5645
Volatile Manufacturing	\$ 6061	\$ 5645
Testing	\$ 5229	\$ 4813
Retail <i>(includes both storefront & non-storefront)</i>	\$ 5229	\$ 4813
Distribution	\$ 6061	\$ 5645
Microbusiness <i>(Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for)</i>	Variable	Variable

Annual Renewal Fixed Fee

Renewal Application Types & Associated Flat Fees		
	Proposed Rates	
	Unincorporated	Carp Ag Overlay
Cultivation		
<i>Outdoor (Not subject to ECP)</i>	\$ 4805	\$ 4337
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4850	\$ 4381
Nursery		
<i>Outdoor (Not subject to ECP)</i>	\$ 4805	\$ 4337
<i>Mixed-Light or Indoor (Subject to ECP)</i>	\$ 4850	\$ 4381
Non-Volatile Manufacturing	\$ 4850	\$ 4381
Volatile Manufacturing	\$ 4850	\$ 4381
Testing	\$ 3596	\$ 3128
Retail <i>(includes both storefront & non-storefront)</i>	\$ 3596	\$ 3128
Distribution	\$ 4850	\$ 4381
Microbusiness <i>(Fee is determined based on the highest fee associated with the applicant's three selected license types that are being applied for)</i>	Variable	Variable

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 and superseding Ordinance 5181, “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 June 10, 2025 to consider the Second Reading and CEQA determination for amendments to the Cannabis Business License Fee Ordinance.