



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: County Executive Office
Department No.: 012
Agenda Date: October 14, 2025
Placement: Departmental Agenda
Estimated Time: 20 MINUTES
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Mona Miyasato, County Executive Officer
Contact: Brittany Odermann, Deputy CEO
SUBJECT: Update on Cannabis Taxation, Permitting, Licensing, and Enforcement – Fourth Quarter FY 2024-25

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County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- Receive and file an update on the status of cannabis tax collection, land use permitting, business licensing, and enforcement;
- Provide any other direction to staff regarding the County's cannabis program; and
- Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a "project" as defined for the purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).

Summary:

This item provides the Board and public an update for the fourth quarter of fiscal year 2024-25 (April 1, 2025, to June 30, 2025). Quarterly updates are usually provided 3-4 months after the close of the quarter; quarterly tax reports and payments are due one month following quarter close. However, operators can pay up to two months past quarter close along with a delinquent fee. Q4 quarterly tax payments were due July 1; operators could pay up until August 31 with a delinquent fee and interest without jeopardizing business license renewal. These quarterly reports provide a summary of cannabis tax receipts, land use permitting and business license activity, enforcement, and objectives

for the current fiscal year. Attachment A includes detailed reporting on these items including comparisons to prior quarters and past fiscal years.

Discussion:

Cannabis Tax Revenue

Cannabis tax revenue totaled approximately \$1.1 million in the fourth quarter reporting period of fiscal year 2024-25 (taxes collected as of August 31, 2025, for the period April 1 to June 30, 2025). Table 1 of Attachment A compares fourth quarter revenues for the last three fiscal years. The total FY 2024-25 adopted budget was \$6.1 million; the revised fiscal year-end projection was \$5.4 million. FY 2024-25 revenue was \$5 million which is 18% below the adopted budget and 7% below the revised budget. Total cannabis program revenue over the 7-year program from 2018 – 2025 is \$60 million, averaging \$8.5 million yearly.

Permitting & Licensing

Land Use Entitlements

The Planning and Development Department (P&D) is continuing to review submitted land use entitlement applications. As of September 24, 2025, there is currently one application for a new cannabis operation under review in the Carpinteria Agricultural Overlay Area (“Carpinteria Overlay”) and there are five applications for new cannabis operations in the Unincorporated area outside of the Carpinteria Agricultural Overlay (“Unincorporated area”). There are currently no active appeals to the County Planning Commission. The Appeal of the G&K Processing Building Design Review is the only active appeal to the County Board of Supervisors. Table 3 of Attachment A summarizes the project applications that are currently on appeal to the Planning Commission and the Board. There have been several actions taken on existing approved cannabis entitlements. No new entitlements were issued for new cannabis operations.

Odor Abatement

On April 1, 2025, the Board adopted a Chapter 50 – Licensing of Cannabis Operations ordinance amendment to incorporate odor abatement requirements in compliance with amendments to the Land Use Development Code (LUDC) and Article II of the Coastal Zoning Ordinance (Article II). The amendments require the installation of multi-technology carbon filtration (MTCF), or an equivalent technology, for indoor growing and processing operations and the submission of an odor affidavit. On March 18, 2025, the Board adopted the related amendments to the LUDC and Article II requiring several new components including equipment run-time meters and revised Odor Abatement Plans (OAP) to be certified by a California-licensed engineer. OAPs must be submitted for Planning and Development review and approval prior to the equipment installation deadline of March 18, 2026. One-time extensions, up to twelve months, for extenuating circumstances must be submitted by December 18, 2025, or upon Coastal Commission certification, whichever is later (for the Coastal Zoning Ordinance). As of September 15, 2025, five out of 31 cannabis operators have submitted Odor Abatement Plans (OAP) to Planning and Development requiring revisions and seven out of 31 new and renewing licensed operators have submitted odor affidavits. Staff is encouraging early submissions to meet the deadlines.

On September 8, 2025, the California Coastal Commission (CCC) hearing voted to conditionally certify the County’s cannabis odor ordinance amendments with minor suggested modifications. The CCC conditional certification of the cannabis odor amendments will be presented to the Board on October 21, 2025. Upon Board approval, a resolution acknowledging and accepting the CCC’s suggested modifications will be forwarded to the Commission’s Executive Director who will then make a

determination that the County's action is adequate to effectuate the CCC certification. If no further action is taken by the Commission, the amendments will become final and effective.

Acreage Caps

On June 3, 2025, the Board directed staff to reduce the acreage caps in the Carpinteria Overlay (originally capped at 186 acres) and Unincorporated area (originally capped at 1,575 acres) to include all issued, approved and submitted cultivation acres using the current definition in County Code Chapter 50 which excludes processing. On August 26, 2025, the Board adopted reduced caps to include acreage with *issued* land use entitlements; acreage with *approved* land use entitlements; and *submitted* acreage in the permit application process pending land use entitlement approval and issuance. The adopted ordinance, effective on September 26, 2025, caps the Carpinteria Overlay area at 134 acres and caps the Unincorporated area at 1,417 acres. The caps limit cultivation as defined by Chapter 50 only; processing acres are excluded. Both acreage caps were calculated by confirming the total acreage of all submitted, approved and issued cannabis cultivation land use entitlement applications submitted to the Planning & Development Department as of June 3, 2025. Table 4 of Attachment A summarizes the current number of acres allocated according to the submitted, approved and issued categories.

County Business Licensing

At the close of Q4, the program had 47 operators holding 78 licenses (see Attachment A, Table 5). Since that time the program has decreased to 46 total operators holding 77 total cannabis business licenses. No initial applicants withdrew their business license applications. One licensed operator surrendered their cannabis business license. Attachment A, Tables 5 through 7, provide details on the number of issued business licenses, the number of initial applicants and the number of withdrawn operations.

Retail Dispensaries

The County approved six dispensary retail locations through a competitive application process. The Farmacy Isla Vista, The Farmacy Santa Ynez and Dr. Greenthumb's in Orcutt are all in operation. Island Drift, LLC in Eastern Goleta Valley is waiting issuance of their Certificate of Occupancy including issuance of their local and state licenses. The Planning & Development CUP application for Honalee Management, LLC in Los Alamos is under review. The Haven XV, LLC applicant in the Toro Canyon/Summerland location state they will submit their Planning and Development CDP application for review in October 2025.

Cannabis Enforcement

Over the last quarter, the Santa Barbara County Sheriff completed four enforcement actions against illegal cannabis activities, additional information is provided in Attachment A, Table 8.

Objectives for the Upcoming Quarters

1. Propose and implement Chapter 50 ordinance amendment(s) pertaining to the reorganization, reassignment and/or removal of departmental duties to simplify the issuance of administrative cannabis business licenses.
2. Monitor and coordinate new odor abatement requirement affidavits, plans, extensions and installation deadlines in collaboration with Planning & Development staff.

Background:

In May 2018, the Board adopted Chapter 50 of the Santa Barbara County Code, Licensing of Cannabis Operations detailing the requirements for commercial cannabis operators to be licensed in the County. Since the effective date of the cannabis ordinances (June 2018 in the Unincorporated area

outside the Carpinteria Overlay, November 2018 in the Carpinteria Overlay zone), cannabis operations have been applying for County cannabis land use permits and business licenses. Chapter 50 has since been amended several times to reflect necessary changes in the business licensing process; it was most recently amended in August 2025. Additionally, the ability for the County to levy a Cannabis Operations Tax is provided under the California Revenue and Taxation Code Section 34021.5(a)(1). On February 13, 2018, the Board adopted Ordinance No. 5026 adding Chapter 50A to the Santa Barbara County Code, "Tax on Cannabis Operations". In June 2018, the voters approved a measure establishing a general tax on cannabis operations. The current tax structure is based on the gross receipts of each operation's activities involving cannabis or cannabis products.

Attachments:

Attachment A – Cannabis Taxation, Permitting, Licensing, and Enforcement, 4th Quarter Report FY 2024-25

Attachment B – Q4 District Attorney Marijuana Update

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