



BOARD OF SUPERVISORS  
AGENDA LETTER

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

Agenda Number:

Submitted on:  
(COB Stamp)

Department Name: County Executive Office  
Department No.: 012  
Agenda Date: April 7, 2026  
Placement: Administrative Agenda  
Estimated Time:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Mona Miyasato, County Executive Officer  
Contact: Brittany Odermann, Deputy CEO  
**SUBJECT:** Update on Cannabis Taxation, Permitting, and Licensing – Second Quarter FY 2025-26

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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:

- a) Receive and file an update on the status of cannabis tax collection, land use permitting, and business licensing; and
- b) 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 Text:**

This item provides the Board and public an update for the second quarter of fiscal year 2025-26 (October 1, 2025, to December 31, 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. Q2 quarterly tax payments were due January 1; operators could pay up until February 28 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, 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 \$1.6 million in the second quarter reporting period of fiscal year 2025-26 (taxes collected as of February 28, 2026, for the period October 1 to December 31, 2025). The total FY 2025-26 adopted budget is \$5.5 million; the revised fiscal year-end projection is \$5.3 million which is 3.6% below budget. Table 1 of Attachment A compares second quarter revenues for the last three fiscal years. This quarter is 6% lower than 2024-25 Q2.

***Permitting & Licensing***

***Land Use Entitlements***

The Planning and Development Department (P&D) is continuing to review submitted land use entitlement applications. As of February 23, 2026, there are no applications for new cannabis operations 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 4 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.

***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. These amendments became final and effective as of December 12, 2025 when the California Coastal Commission’s (CCC) Executive Director made a determination that the County’s action was adequate to effectuate the CCC certification. Under these amendments, OAPs were required for submission to Planning and Development for review and approval prior to the equipment installation deadline of March 18, 2026. Eight extension requests representing 11 licensed operations were submitted by the December 18, 2025 deadline for one-time extensions, up to twelve months, for extenuating circumstances. On March 10, 2026, the Board of Supervisor’s denied equipment installation extensions for 8 out of 8 extension requests.

As of March 10, 2026, 12 out of 28 cannabis operators impacted by the odor abatement requirements have installed MTCF or equivalent equipment. Sixteen operators are still required to install MTCF or equivalent equipment by March 18, 2026 to meet the Planning and Development deadline and by March 31, 2026 to meet the CEO deadline.

Under Chapter 50 – Licensing of Cannabis Operations, operators who have been denied an MTCF extension request and/or have not installed MTCF or equivalent technology by March 31, 2026 will either be issued cannabis business license revocation or denial letters. Final site visits will be conducted by staff April 1 – 2 to determine equipment installation compliance. The Cannabis Licensing team will coordinate closely with the Planning & Development Department to send out letters of revocation or denial on April 3rd; staff anticipates issuance of up to 16 letters. Operators may appeal revocations and denials; hearings must take place within 60 days of the appeal request.

Upon revocation or denial, or denial of the appeal if one is filed, the operator must discontinue operating unless and until a new license is obtained. In addition, CEO staff will send a Notification of Local Non-Compliance to the Department of Cannabis Control regarding the operator's noncompliance with local laws and regulations for license revocations and application denials. Operating without a valid license may subject operators to enforcement and penalties pursuant to Section 50-29 of the County Code.

### *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 Eligibility List claimed acres and the number of acres left in the acreage cap.

### *County Business Licensing*

At the close of Q2, the program had 48 operators holding 83 licenses (see Attachment A, Table 6). No initial applicants withdrew their business license applications, and no licensed operators surrendered their cannabis business licenses. Attachment A, Tables 6 through 8, provide details on the number of issued business licenses, the number of initial applicants and the number of withdrawn operations.

### *Retail Dispensaries*

The County initially 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 did not submit their Planning and Development CDP application for review within the required 90-day period; the applicant has been removed from the Toro Canyon/Summerland Community Plan Area (CPA) final ranked list. There are no additional ranked applicants in the Toro Canyon/Summerland CPA queue. Chapter 50 states that the Criteria-Based Application and Selection process for cannabis storefront retail may begin anew upon exhaustion of the ranked list applicants or at the end of five years. The Toro Canyon/Summerland CPA final ranking list is exhausted and expires on April 30, 2026. Staff will return with this item to receive Board direction regarding reopening the application process for this CPA post-expiration of the ranking list.

### ***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. Update Cannabis Licensing fees in accordance with proposed amendment staffing reductions.
3. Consider reopening the retail application process for the Toro Canyon/Summerland Community Plan Area.
4. 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. Chapter 50, section 50-15 requires that the County Executive Office provide reports to the board on the status of cannabis business licensing program at least annually.

**Attachments:**

**Attachment A** – Cannabis Taxation, Permitting, and Licensing, 2<sup>nd</sup> Quarter Report FY 2025-26

**Attachment B** – Q1/Q2 District Attorney Cannabis Update

**Contact Information:**

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