

UPDATE ON CANNABIS

Compliance, Enforcement & Taxation and
CDFA Track-and-Trace Pilot Program

SECOND QUARTER – FY 2019-20

Board of Supervisors
March 17, 2020



County Executive Office

TODAY'S REPORT

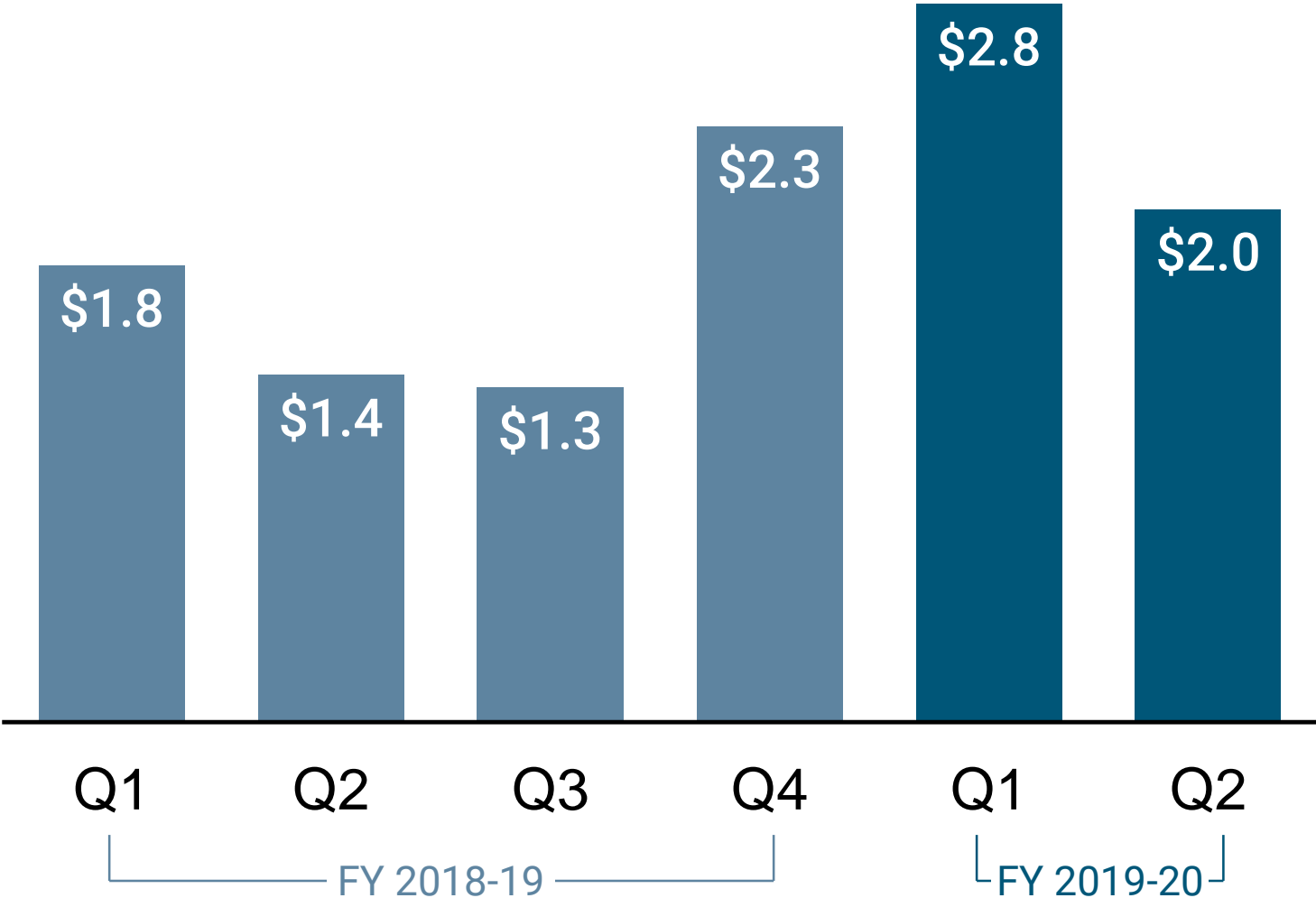
- Tax Revenues
- Land Use Planning Permits
- Business Licenses
- CDFA Track-and-Trace Pilot Program
- Enforcement
- Emerging Issues & Challenges
- Next Steps

RECOMMENDED ACTIONS

- Receive an update on the status of cannabis land use permitting, business licensing, tax collection, State licensing, and enforcement;
- Approve and authorize the County Executive Officer to execute an MOU with the California Department of Food and Agriculture (CDFA), etc. to establish a CDFA Track-and-Trace Pilot Program
- Determine pursuant to CEQA Guidelines Section 15378(b)(5) that the proposed actions are not a project under CEQA

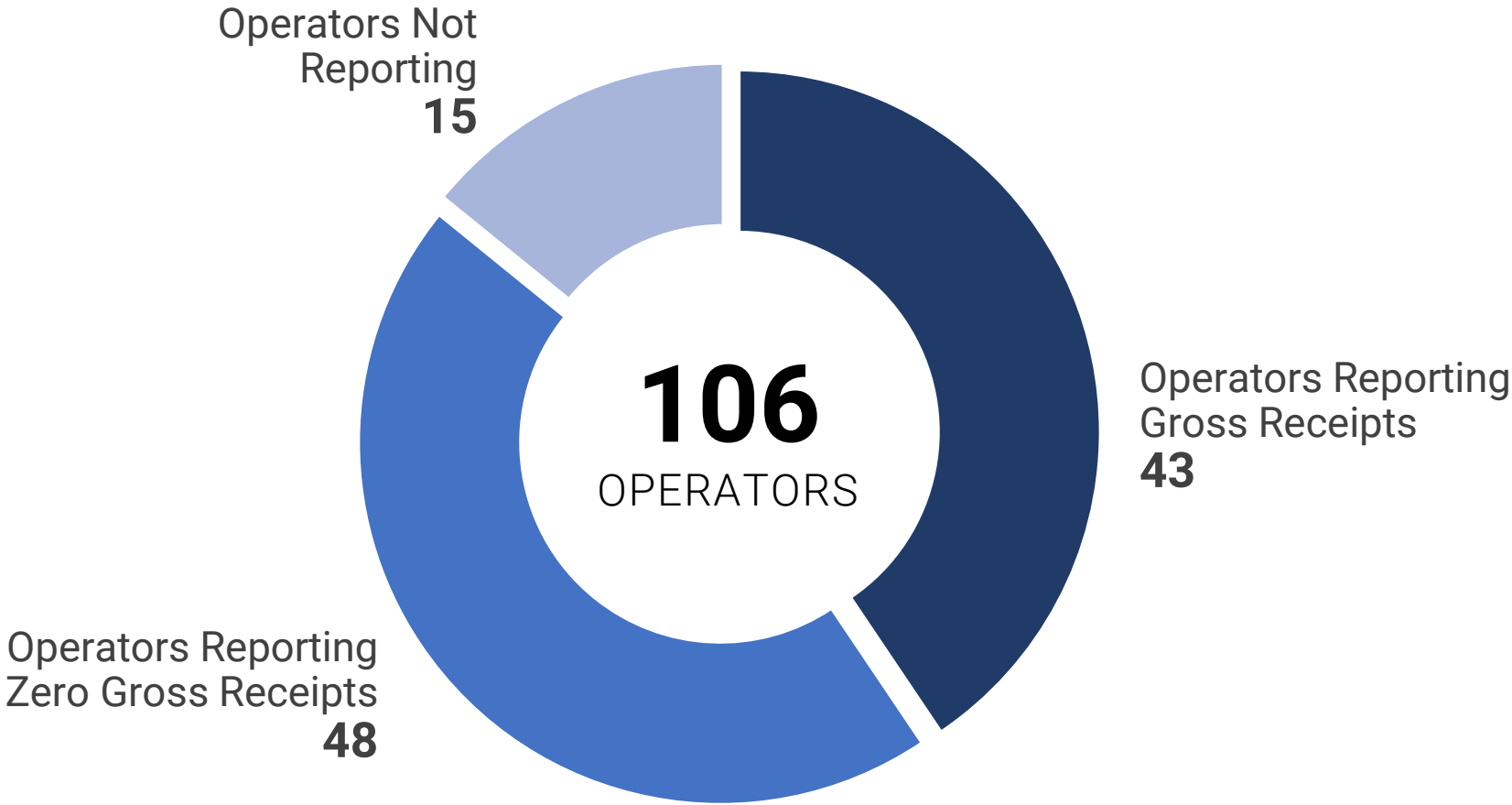
Cannabis Tax Revenue by Quarter

Dollars in millions



Cannabis Tax Receipts

FY 2019-20 Q2



Land Use Planning Permits by Status

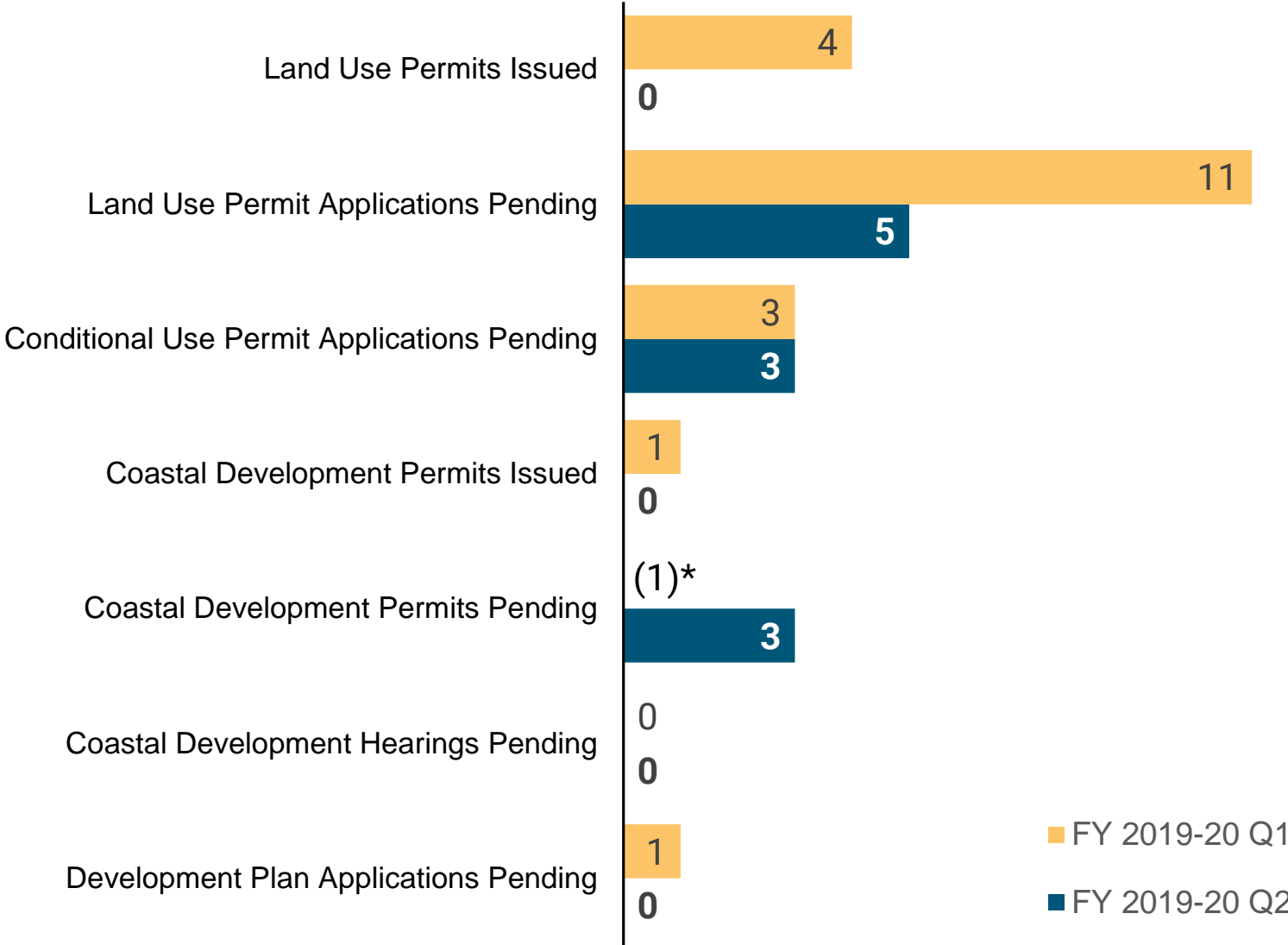
	Q2	Total to Date
Land Use Permits Issued	0	15
Land Use Permit Applications Pending	5	72
Conditional Use Permit Applications Pending	3	33
Coastal Development Permits Issued	0	3
Coastal Development Permits Pending	3	31
Coastal Development Hearing Pending	0	7
Development Plan Applications Pending	0	23
Total	11	184

Land Use Planning Permits by Status

In Acres

	Inland Area	Coastal Zone
Permitted	221	22
In Pipeline	1,926	182
Total	2,147	204
Cap	1,575	186

Q2 Permitting Quarterly Comparison



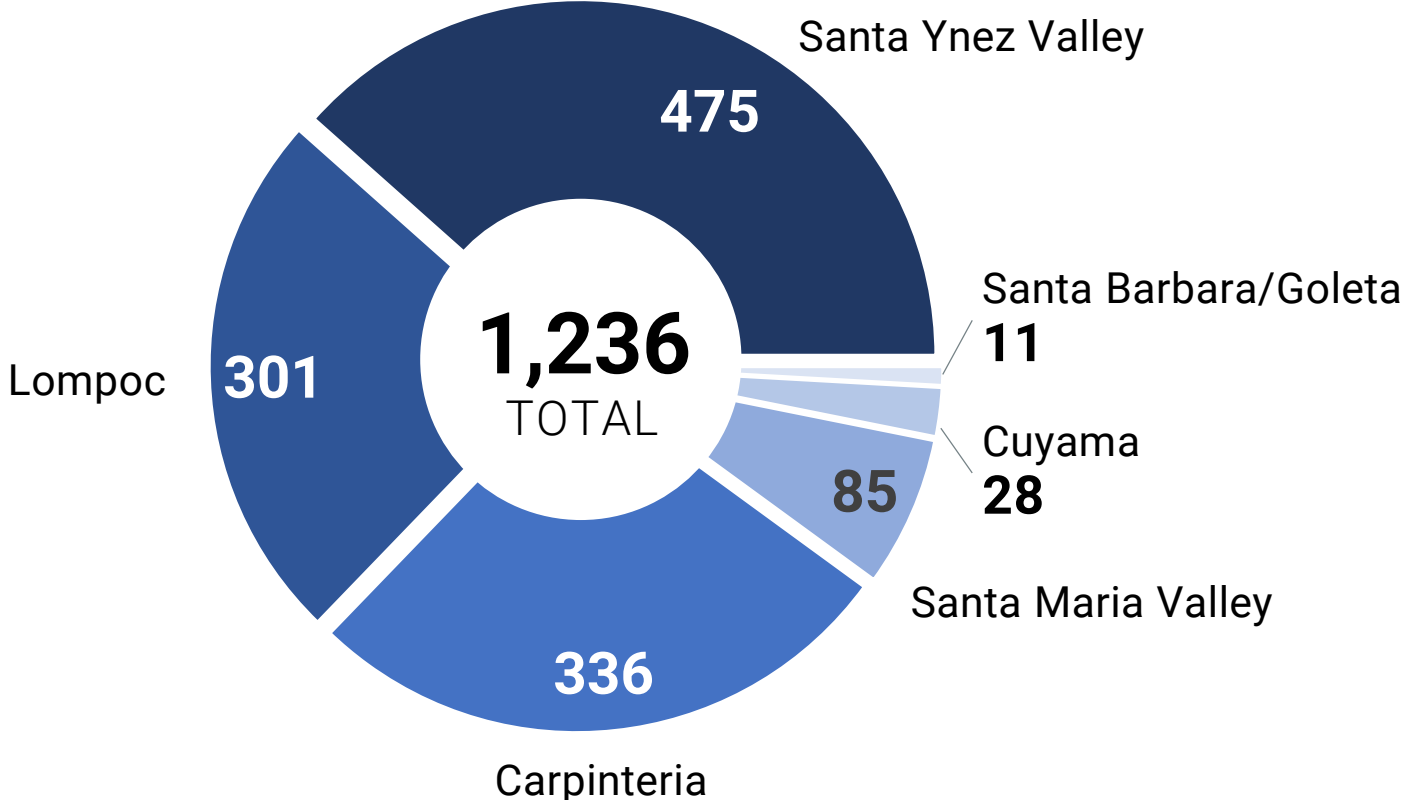
* Permit application withdrawn

State Licenses in Unincorporated Area

County with second highest number of licenses and acreage in California

Data as of March 11, 2020

Number of Active Cultivation Licenses by Region

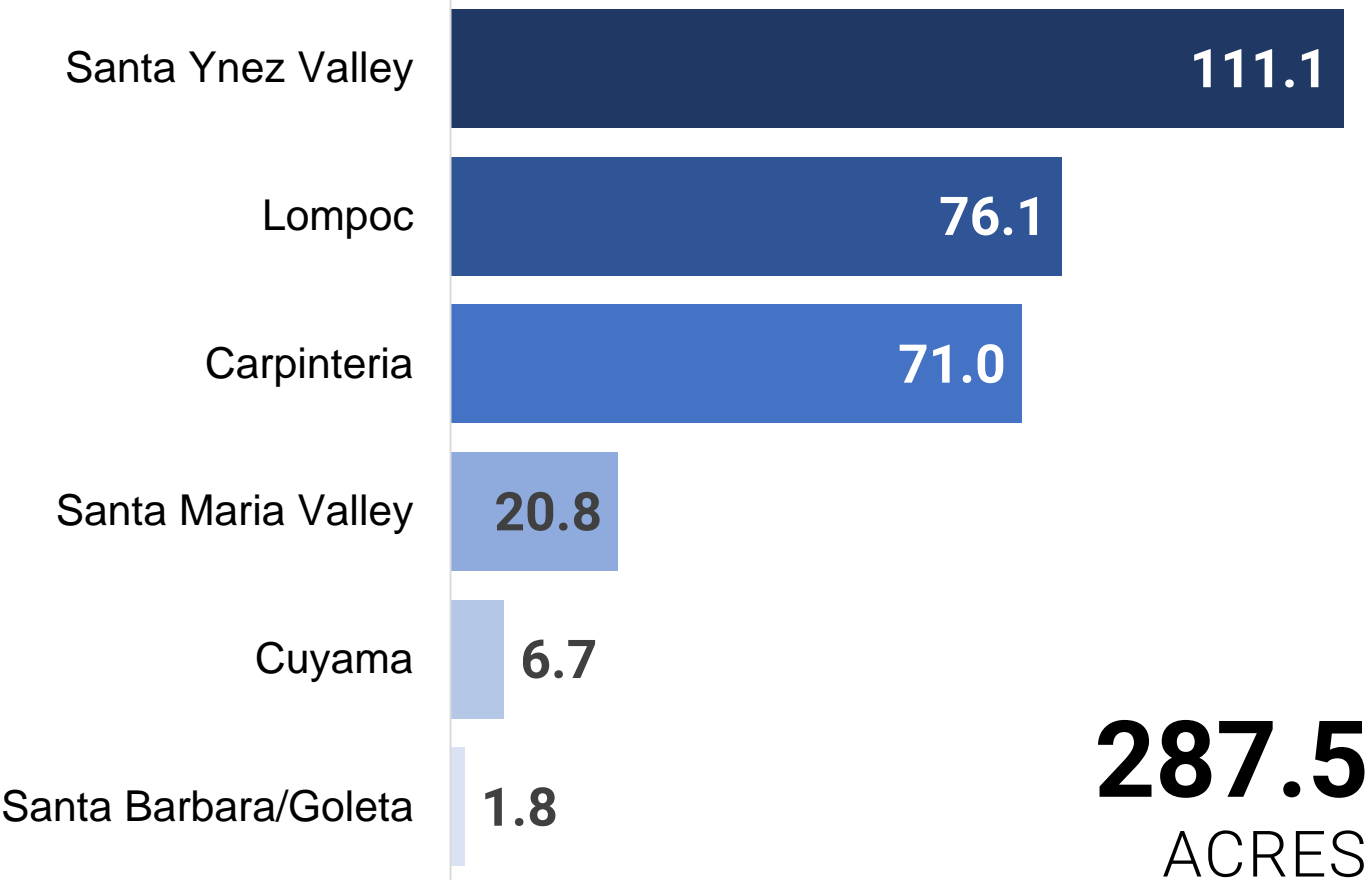


State Licenses in Unincorporated Area

County with second highest number of licenses and acreage in California

Data as of March 11, 2020

Acres of Active Licensed Cultivation by Region



Cannabis Enforcement

	Q1-Q2 FY 2018-19	Q1 FY 2019-20	Q2 FY 2019-20
# of Enforcement Actions	22	12	8
# Live Plants Confiscated	474,171	16,684	100
Live Plants	\$96M	\$4.2M	\$20,000
Dried Product Confiscated (lbs.)	-	1,157	74
Dried Product	\$0	\$1.2M	\$59,200

Business Licenses

	Application Submitted	Issued	Pending
Cultivator	34	6	28
Nursery	17	3	14
Manufacturer	1	0	1
Retailer Non-Storefront	2	1	1
Distributor	4	0	4
Total	58	10	48

State Provisional License Criteria

- Held a State Temporary License
- Submitted either
 - a) Permit application accepted for processing by P&D; or
 - b) Obtained a land use entitlement for the proposed cannabis operation and submitted a complete application for the corresponding cannabis business license
- Submitted an application and all required documents for State Annual Licensing

State Licenses Due to Expire

- **227** licenses expiring within 60 days of today's report

Staff will review the status of those licenses to determine whether we continue to support their application

- **4** letters of intent to withdraw local authorization issued

1 – Applicant surrendered provisional licenses

2 – Applicants mitigated identified problems

1 – Applicant appealed decision

Retail Storefront Community Engagement Meetings

Tentative Schedule

Eastern Goleta Valley

Thursday, 4/9 @ 5:30 PM
Location TBD

Santa Ynez

Thursday, 4/16 @ 5:30 PM
College District School

Isla Vista

Thursday, 4/30 @ 5:30 PM
Isla Vista Community Center

Los Alamos

Wednesday, 5/6 @ 5:30 PM
Los Alamos Valley Men's Club

Summerland & Toro Canyon

Thursday, 5/21 @ 5:30 PM
Location TBD

Orcutt

Thursday, 5/28 @ 5:30 PM
Lakeview Junior High School

CDFA Track-and-Trace Pilot Program

- CDFA has developed a pilot program for a small number of counties to access the Track-and-Trace database
- County would gain access to the inventory records associated with 250 State licenses located in Santa Barbara County
 - Critical to:
 - Initiate Board-directed tax compliance audit
 - Perform compliance and enforcement activities
- Staff recommends Board approval of MOU with CFDA to participate in pilot program

Emerging Issues

- **Provisional License Review Process**
 - Satisfactory progress through the land-use permitting process
 - Enforcement actions (yes/no)
 - Filed quarterly tax reports as required
 - Documented community complaints charging fraudulent affidavits
- **Initiate the Retail Outlet selection program**
- **Bring land-use permitting and business license process into closer alignment**
- **Need to support those operators who are striving for full compliance**

Challenges

- **Carpinteria Overlay: Odor issues remain the major challenge**
 - Identifying the source of the odor
 - Ascertaining the most effective technology
- **North County: Interface with EDRNs**
- **Scope expansion with respect to Legal Non-Conforming Growers**

Next Steps

- Cannabis Oversight Group
- Cannabis legal review
- Cannabis Enforcement team modifications

QUESTIONS

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