



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

**Department Name:** CEO  
**Department No.:** 012  
**For Agenda Of:** June 27, 2023  
**Placement:** 6/27/23 Departmental  
7/11/2023 Admin.

**Estimated Time:**

**Continued Item:**

**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 Info: Nancy Anderson, Chief Assistant County Executive Officer  
Brittany Heaton, Deputy County Executive Officer

**SUBJECT:** Amend Chapter 50 of the County Code - Licensing of Cannabis Operations

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: NA

**Recommended Actions:**

That the Board of Supervisors on June 27, 2023:

- 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 Cannabis Operations in the unincorporated area of the County amending the grounds to deny business license applications and renewal business license applications based on the operator's failure to file cannabis tax reports and/or failure to pay county cannabis taxes by the due date set out in Chapter 50A (Attachment 1 and 2);
- b) Read the title and waive further reading of the Ordinance in full;
- c) Set a hearing on the Administrative Agenda for July 11, 2023 to consider recommendations, as follows:

On July 11, 2023:

- i) Consider adoption (Second Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara amending Chapter 50 to the Santa Barbara County Code, Licensing of Cannabis Operations amending the grounds to deny business license applications and renewal business license applications based on the operator's failure to file cannabis tax reports and/or failure to pay county cannabis taxes by the due date set out in Chapter 50A; and
- ii) Determine for the purposes of CEQA that:

- 1) Pursuant to CEQA Guidelines section 15168(c) these actions are within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) [Case No. 17EIR-00000-00003, State Clearinghouse No. 2017071016] adequately describes this activity for the purposes of CEQA.
- 2) Pursuant to CEQA Guidelines section 15162(a), after considering the PEIR certified by the Board of Supervisors on February 6, 2018, that no subsequent EIR or Negative Declaration is required because: i) no substantial changes are proposed which require major revisions of the PEIR due to the involvement of new significant environmental impacts or a substantial increase in the severity of previously identified significant effects; ii) no substantial changes have occurred with respect to the circumstances under which the ordinance is undertaken which require major revisions of the PEIR due to the involvement of new significant environmental impacts or a substantial increase in the severity of previously identified significant effects; and iii) no new information of substantial importance concerning the ordinance's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the PEIR was certified, has been received that shows any of the following situations elements of CEQA Guidelines Section 15162(3) apply.

**Summary Text:**

At the June 6, 2023 Board hearing, staff received direction to return with an ordinance amendment that would implement more substantial consequences for cannabis operations that are delinquent in filing quarterly tax reports or paying quarterly taxes owed. This amendment proposes that a cannabis operation may be denied business license issuance or renewal if their quarterly tax reports and payments are not received by the due dates established in chapter 50A – Tax on Cannabis Operations. These grounds for denial would be applicable to any cannabis tax reports or tax payments due on August 10, 2023 or later, the effective date of this ordinance amendment.

The purpose of this agenda item is for Board consideration of an ordinance amending Chapter 50, Licensing of Commercial Cannabis Operations, to reflect requested changes in the business licensing process. Revisions are summarized below.

**Background:** In May 2018, the Board adopted Chapter 50 of the Santa Barbara County Code, Licensing of Cannabis Operations. Since the effective date of the cannabis ordinances (June 2018 in the inland area, November 2018 in the coastal 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 February and November 2022. At the June 6<sup>th</sup> board meeting the Board requested that staff return with an amendment to make timely filing of quarterly tax reports and timely payment of taxes owed a requirement of business license issuance and renewal. The current ordinance language allows cure periods to come into compliance for tax reporting and payments. These proposed changes will no longer allow operators to receive an initial business license or renewal if they do not file tax reports or pay taxes owed by the due date(s) as defined in chapter 50A – on or before 5:00 pm on the last day of January, April, July, and October. This amendment intends to address the continued issue of operators filing late or failure to report and pay taxes.

**Proposed Amendments to Cannabis Licensing Ordinance**

Issue Area	Current Language	Proposed Amendment	County Code section
Grounds for denial of license	1. States that cannabis business license may be denied for failure to pay or file taxes.	1. Clarifies that county taxes must be paid and cannabis tax reports filed by due dates as defined in chapter 50A and will apply prospectively, otherwise the license may be denied.	County Code § 50-17
Procedure and notice of denial	2. Allows time to correct deficiencies, including late filing of tax reports and payments, established by county executive office.	2. Establishes that applicants will not be given additional timeframes to correct deficiencies related to not filing tax reports or paying taxes by due dates.	County Code § 50-18
Cannabis business license renewal process	3. Allows operators in good standing to continue operating while renewal application is processed.	3. Adds language clarifying that an operator with tax delinquencies is not in “good standing” and may not continue to operate while the renewal application is processed.	County Code § 50-19
Denial of renewal licenses	4. States that a business license renewal shall be denied if the licensee is delinquent in payment of county taxes on commercial cannabis activity.  5. Allows time to correct deficiencies, including late filing of tax reports and payments, established by county executive office.	4. States that a business license renewal shall be denied if the licensee has been delinquent in payment of quarterly taxes or filing of quarterly reports.  5. Establishes that licensees will not be given additional timeframes to correct deficiencies related to not filing tax reports or paying taxes by due dates.	County Code § 50-20
Cannabis business license operating requirements	6. Requires that licensee pay all taxes and fees.	6. Requires that licensees timely file tax reports and pay quarterly county taxes by due dates.	County Code § 50-25
Suspension or revocation of a cannabis business license	7. States that failure to pay cannabis taxes or file tax reports is grounds for suspension or revocation of a business license.	7. Establishes that late filing of tax reports or payment of taxes is grounds for suspension or revocation of a business license.	County Code § 50-26

The specific amended Chapter 50 sections are provided in Attachment A (Non-redlined) and Attachment B (Redlined).

**CEQA Determination:**

Adoption of the proposed ordinance is within the scope of the Cannabis Land Use Ordinance and Licensing Program, and the Cannabis Land Use Ordinance and Licensing Program Final Programmatic Environmental Impact Report (PEIR) (17EIR-00000-00003, State Clearinghouse No. 2017071016).

**Performance Measure:**

NA

**Contract Renewals and Performance Outcomes:**

NA

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

NA

**Narrative:**

The cost of making and implementing the amendments to Chapter 50 will not increase or decrease the anticipated costs of the cannabis business licensing program.

**Key Contract Risks:**

NA

**Attachments:**

Attachment A – Ordinance Amending Chapter 50, Licensing of Cannabis Operations, To the Santa Barbara County Code (Non-redlined version)

Attachment B – Ordinance Amending Chapter 50, Licensing of Cannabis Operations, To the Santa Barbara County Code (Redlined version)

Attachment C – CEQA Findings

Attachment D – Link to the Program Environmental Impact Report for the Cannabis Land Use Ordinance and Licensing Program, 17EIR-00000-00003:

<https://cosantabarbara.app.box.com/s/o9fp2865sykaqn98s0702plaa96xj7t5/folder/72887579662>

Attachment E – PEIR Statements of Overriding Consideration

**Special Instructions:**

The Clerk of the Board shall publish the ordinance in accordance with Government Code section 25124.

**Authored by:**

Brittany Odermann, Deputy County Executive Officer, 805-568-3409