



# 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:** July 1, 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 Info: Brittany Odermann, Deputy CEO  
**SUBJECT:** Update on Cannabis Taxation, Permitting, Licensing, and Enforcement – Third 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 third quarter of fiscal year 2024-25 (January 1, 2025, to March 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. Q3 quarterly tax payments were due April 1; operators could pay up until May 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 \$0.9 million in the third quarter reporting period of fiscal year 2024-25 (taxes collected as of May 31, 2025, for the period January 1 to March 31, 2025). Table 1 of Attachment A compares third 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 is \$5.4 million which is 11.5% below budget.

***Permitting & Licensing******Land Use Entitlements***

As of May 29, 2025, the County Planning and Development Department (P&D) has approved approximately 138 acres of cultivation in the Carpinteria Agricultural Overlay Area and 1,357 acres of cultivation in the remaining Unincorporated area outside the Carpinteria Overlay. Table 3 of Attachment A lists the precise acreage approved compared to the total amount of proposed acreage submitted for permits and the total issued permit acreage. There is currently one active appeal to the County Planning Commission, which is the Appeal of the Valley Crest Change in Hours of Operation. 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. 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 31, 2026. One-time extensions, up to twelve months, for extenuating circumstances must be submitted by December 31, 2025, or upon Coastal Commission certification, whichever is later (for the Coastal Zoning Ordinance). As of June 13, 2025, five out of 32 cannabis operators have submitted Odor Abatement Plans (OAP) to Planning and Development requiring revisions and three out of 32 new and renewing licensed operators have submitted odor affidavits. Staff is encouraging early submissions to timely meet the deadlines.

***Acreage Caps***

On June 3, 2025, the Board directed staff to reduce the acreage caps in the Carpinteria Overlay and Unincorporated area outside the Carpinteria Overlay to include all issued, approved and submitted cultivation acres using the current definition in County Code Chapter 50 which excludes processing. When considering a cap acreage reduction, there are three categories of acres to be considered: acreage with *issued* land use entitlements; acreage with *approved* land use entitlements; and acreage that has been *submitted* in a land use entitlement application and in the permitting process but has not yet received an approval. Staff will return to the Board with proposed ordinance amendment language reflecting acreage cap reductions by region on August 19, 2025. The current Board adopted

cultivation acreage caps include: 1) the Carpinteria Agricultural Overlay District (capped at 186 acres), and 2) the remaining Unincorporated area outside the Carpinteria Overlay (capped at 1,575 acres).

### *County Business Licensing*

At the close of Q3, the program had 44 operators holding 77 licenses (see Attachment A, Table 5). Since that time the program has increased to 46 total operators holding 79 total cannabis business licenses. Additionally, five initial applicants (representing 10 total initial licenses) withdrew their business license applications. Two licensed operators surrendered their cannabis business licenses (four total licenses). 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 on the electrical installation to complete the build-out process. Honalee Management, LLC in Los Alamos submitted their Planning & Development CUP application in March 2025. The first-ranked Santa Claus Lane, LLC applicant in the Toro Canyon/Summerland location has withdrawn their application; as required in code, an invitation to apply for the retail storefront location has been extended to the second runner-up, Haven XV, LLC.

### ***Cannabis Enforcement***

Over the last quarter, the Santa Barbara County Sheriff completed five 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 cap reductions in the Carpinteria Overlay and Unincorporated area outside the Carpinteria Overlay. The Board may direct other actions.
2. Monitor and coordinate new odor abatement requirement affidavits, plans, extensions and installation deadlines in collaboration with Planning & Development staff.
3. Continue to improve the Business License application process by 1) shortening application submission to license renewal timelines 2) improving internal response times, and 3) working with operators to ensure timely renewals.

### **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 June 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.

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**Attachments:**

**Attachment A** – Cannabis Taxation, Permitting, Licensing, and Enforcement, 3<sup>rd</sup> Quarter Report FY 2024-25

**Attachment B** – Q3 DA Marijuana Update

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