

Ordinance Amending Chapter 50 – Licensing of Commercial Cannabis Operations

Adopted: May 1, 2018

Amended: April 9, 2019, August 27, 2019, December 17, 2019, February 2, 2021, November 2, 2021, March 1, 2022, and November 29, 2022

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ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 50, LICENSING OF CANNABIS OPERATIONS, OF THE SANTA BARBARA COUNTY CODE

The Board of Supervisors of the County of Santa Barbara ordains as follows:

SECTION 1. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-17, Grounds for denial of license, subsection (k) and (l) are hereby amended and shall read as follows:

- (k) Failure to pay county taxes pursuant to chapter 50A, license; or permitting fees. For tax payments due on August 10, 2023 or later pursuant to Chapter 50A, failure to timely pay county taxes pursuant to chapter 50A by the due date(s) defined in Section 50A-5(a); or
- (l) Failure to file required cannabis tax reports with the county treasurer-tax collector, regardless of whether or not reporting any gross revenue. For cannabis tax reports due on August 10, 2023 or later pursuant to Chapter 50A, failure to timely file required cannabis tax pursuant to chapter 50A by the due date(s) defined in Section 50A-7, regardless of whether or not reporting any gross revenue.

SECTION 2. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-18, Procedure and notice of denial, subsection (b), is hereby amended and shall read as follows:

- (b) If the treasurer-tax collector prepares a notice of denial of a cannabis business license application, the treasurer-tax collector shall:
 - (1) Specify in writing the reason(s) for the denial of the application based on section 50-17; and
 - (2) Notify the applicant that the decision shall become final unless the applicant corrects any deficiencies in the application in the timeframe established by the county executive office or appeals, pursuant to this chapter, within five calendar days of the date of service of the treasurer-tax collector's notice of denial. Correction of any deficiencies shall not be authorized if the notice of denial is based on the grounds in Section 50-17 subsections (k) and (l).

SECTION 3. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-19, Cannabis business license renewal process, subsections (c) and (d), are hereby amended and shall read as follows:

- (c) In accordance with the procedure listed in section 50-9, the county executive office will review the renewal license application and forward the application to all applicable county departments, unless the treasurer-tax collector has informed the county executive office, in accordance with Section 50-16(b), of any county tax delinquencies. The county executive office will then provide the treasurer-tax collector with approval to issue the license renewal or provide notice of a denial of the renewal application.
- (d) If a complete renewal application is submitted in compliance with subsection (b) above and the licensee is operating in good standing in accordance with the terms of this chapter, the licensee may continue to operate until the treasurer-tax collector provides a license renewal or a notice of denial of the renewal application. For any reporting or tax payments due August 10, 2023 or later, if an operator is delinquent in filing cannabis tax reports and/or delinquent tax payments, the operator is not considered to be in “good standing” and may not continue to operate under this provision while their renewal application is processed.

SECTION 4. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-20, Denial of renewal licenses, subsections (a) and (c), are hereby amended and shall read as follows:

- (a) An application for renewal of a cannabis business license shall be denied if:
 - (1) The application is filed fewer than sixty calendar days before the cannabis business license expiration;
 - (2) The licensee fails to conform to and comply with the criteria set forth in this chapter, including possession of all required and valid state licenses;
 - (3) The licensee has been is delinquent in payment of quarterly county cannabis taxes on commercial cannabis activity or delinquent in filing of quarterly tax reports pursuant to chapter 50A for any reporting or tax payments due August 10, 2023 or later;

- (4) The cannabis business license is suspended or revoked at the time of the application or at any time before issuing the renewal license;
- (5) The land use entitlement/permit for the commercial cannabis operation is suspended or revoked at the time of the application or at any time before issuing the renewal license; or
- (6) Any of the grounds for denial listed in section 50-17 are present.

...

- (c) If the county executive office denies the renewal, the county executive office shall provide the treasurer-tax collector a request for a notice of denial and the reason(s) for denial based on section 50-20. The treasurer-tax collector shall notify the licensee the reasons for denial of the application based on section 50-20 and that the decision shall become final unless the licensee corrects the deficiencies in the application within the timeframe established by the county executive office or appeals pursuant to section 50-27 of this chapter within five calendar days of the date of service of the treasurer-tax collector's notice of denial. Correction of any deficiencies shall not be authorized if denial is based on the grounds in Section 50-20 subsection (a)(3).

SECTION 5. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-25, Cannabis business license operating requirements, subsection (a)(7), is hereby amended and shall read as follows:

- (a) Throughout the term of the cannabis business license, each and every licensee shall comply with this chapter, the County Code, and state law, including, but not limited to, all of the following:

...

- (7) Taxes. A licensee shall timely file all cannabis tax reports and timely pay all applicable state taxes and quarterly county taxes pursuant to chapter 50A by the due date as defined in section 50A-5; and fees.

...

SECTION 6. Chapter 50 of the Santa Barbara County Code, titled “Licensing of Cannabis Operations,” Section 50-26, Suspension or revocation of a cannabis business license, subsection (a)(7) and (a)(8), are hereby amended and shall read as follows:

- (a) Any of the following shall be grounds for suspension or revocation of a cannabis business license, based on substantial evidence and following notice and the procedure in section 50-27:

...

- (7) Failure to timely pay by the due date as defined in section 50A-5(a) as required in subsection 50-17(k), 50-20(a)(3), or engaging in falsely reporting of, state or county taxes on commercial cannabis activity;

- (8) Failure to timely file by the due date as defined in section 50A-7 cannabis tax reports as required in subsection 50-17(1), 50-20(a)(3), and chapter 50A;

...

SECTION 7. Except as amended by this Ordinance the Santa Barbara County Code shall remain unchanged and shall continue in full force and effect.

SECTION 8. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Supervisors hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

SECTION 9. This Ordinance shall take effect and become operative 30 days from the date of its adoption by the Board of Supervisors. Before the expiration of 15 days after its passage a summary of it shall be published once together with the names of the members of the Board of Supervisors voting for and against the same in the *Santa Barbara News-Press*, a newspaper of general circulation published in the County of Santa Barbara.

SECTION 10. Cannabis activities already are highly regulated by both the state and federal governments, and their regulation of cannabis activities is subject to rapid

changes. Even if the Board of Supervisors adopts this Ordinance, the Board of Supervisors retains all of its statutory authority concerning cannabis activities. For example, even if the Ordinance becomes operative, the Board of Supervisors still may take action(s) later to change the zoning and/or licensing of cannabis activities to being prohibited. Changing the zoning and/or licensing of cannabis activities to being prohibited, could occur -- for

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example, but is not limited to -- if: 1) the County Treasurer is not able to deposit cannabis-related funds in a suitable financial institution; and/or 2) the Board of Supervisors submits a proposed County tax on commercial cannabis activity to the voters and the voters do not approve the tax. In part because cannabis activities are highly regulated by both the state and federal governments and their regulation of cannabis activities is subject to rapid changes, the Board of Supervisors later may need to change the zoning and/or licensing of cannabis activities to being prohibited and may need to do so without cannabis activities receiving: 1) an amortization period; and/or 2) legal nonconforming use status.

PASSED, APPROVED, AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

DAS WILLIAMS, CHAIR
BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA

ATTEST:
MONA MIYASATO, COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By _____
Deputy Clerk

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APPROVED AS TO FORM:

RACHEL VAN MULLEM

COUNTY COUNSEL

By _____
Deputy County Counsel