

Exhibit B

ORDINANCE NO. 5037

AN ORDINANCE ADDING CHAPTER 50, LICENSING OF COMMERCIAL CANNABIS OPERATIONS, TO THE SANTA BARBARA COUNTY CODE

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

SECTION 1. A new Chapter 50 titled “Licensing of Cannabis Operations” is hereby added to the Santa Barbara County Code, and reads as follows:

Chapter 50 – Licensing of Cannabis Operations

- Section 50-1. Purpose and Authority.
- Section 50-2. Definitions.
- Section 50-3. Cannabis Business Licenses Required.
- Section 50-4. Cannabis Business License Term.
- Section 50-5. Cannabis Business License Exemptions.
- Section 50-6. Other Licenses and Permits.
- Section 50-7. Limits on Cannabis Business Licenses.
- Section 50-8. Application Content for an Annual Cannabis Business License.
- Section 50-9. Review Process of Application for Cannabis Business License.
- Section 50-10. Application Review by Planning & Development Department - Energy Conservation Plan and Odor Control Systems.
- Section 50-11. Application Review by the Sheriff’s Department - Criminal History Check and Site Security Plan.
- Section 50-12. Application Review by the Agricultural Commissioner’s Department – Cultivation Operations, Pesticides & Measuring Devices.
- Section 50-13. Application Review by the Fire Department – Cannabis Operation Site and Manufacturing Equipment Safety.
- Section 50-14. Application Review by the Public Health Department – Manufacturing and Testing Operations and Facilities.
- Section 50-15. County Executive Office- Review and Coordination of Licenses.
- Section 50-16. License Issuance by the Treasurer-Tax Collector’s Department.
- Section 50-17. Grounds for Denial of License.
- Section 50-18. Procedure and Notice of Denial.
- Section 50-19. Cannabis Business License Renewal Process.
- Section 50-20. Denial of Renewal License.
- Section 50-21. Fees.
- Section 50-22. Cannabis Business Licenses Limits- Nontransferable.

Section 50-23. Change in Ownership.

Section 50-24. Change in Premises.

Section 50-25. Cannabis Business License Operating Requirements.

Section 50-26. Suspension or Revocation of a Cannabis Business License.

Section 50-27. Procedure for Denial, Suspension or Revocation.

Section 50-28. Misdemeanor to Operate Without a License.

Section 50-29. Enforcement and Penalties.

Section 50-30. Cannabis Complaints.

Section 50-31. State Licensing Contact.

Chapter 50 – Licensing of Cannabis Operations

Section 50-1. Purpose and Authority.

- a) It is the intent of the Board of Supervisors, in enacting this Chapter, to: encourage a well regulated cannabis industry, to eliminate illegal cannabis operations and access to illegal and untested cannabis and to protect the health, life, safety and general welfare of residents, particularly vulnerable minors.
- b) Nothing in this Chapter is intended, nor shall it be construed, to: (i) allow persons to engage in conduct that endangers others or causes a public nuisance; (ii) exempt commercial cannabis activity from compliance with all applicable County Codes and ordinances including, but not limited to, zoning and land use regulations, as well as any applicable State laws; or (iii) protect any person from prosecution pursuant to any laws that may prohibit the cultivation, sale, distribution, possession, use of and/or any other activity associated with controlled substances, or to authorize conduct that is unlawful under State or Federal law. Moreover, cultivation, sale, possession, distribution, and use of cannabis remain violations of Federal law as of the date of adoption of the Ordinance creating this Chapter and this Chapter is not intended to, and does not authorize conduct or acts that violate Federal law and does not protect any person from arrest or prosecution under those Federal laws. Persons engaged in cannabis activities assume any and all risk and any and all liability that may arise or result under State and Federal laws from the cultivation, sale, possession, distribution, use of cannabis and/or any other cannabis activity.
- c) Cannabis activities already 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 retains all of its statutory authority concerning cannabis activities. For example, even if the Ordinance adding this Chapter becomes operative, the Board of Supervisors still may amend or 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 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.

Section 50-2. Definitions.

The following words and phrases, whenever used in this Chapter, shall have the meanings defined in this Section unless the context clearly requires otherwise:

- a) "Applicant" means a person or entity who has submitted an application for a cannabis business license or renewal of a cannabis business license issued pursuant to this Chapter.
- b) "Cannabis" means all parts of the plant *Cannabis sativa Linnaeus*, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin, including, but not limited to, separated resin. Cannabis also means medical and non-medical marijuana. Cannabis does not include industrial hemp, as defined in Section 11018.5 of the Health and Safety Code as may be amended.
- c) "Cannabis business license" means a license issued by the County to an applicant to perform commercial cannabis activities under this Chapter.
- d) "Canopy" means the designated area(s) at a licensed premises, except nurseries, that will contain mature flowering plants at any point in time, as follows:
 - 1. Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature flowering plants at any point in time, including all of the space(s) within the boundaries;
 - 2. Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and

3. If mature flowering plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.
- e) "Commercial cannabis activity" means any activity, recreational or medicinal, including the cultivation, possession, manufacturing, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and/or cannabis products as provided in this Chapter. "Commercial cannabis activity" does not include personal use.
 - f) "Commercial cannabis operation" means any person or entity that engages in commercial cannabis activities.
 - g) "County Executive Officer" or "CEO" means the County Executive Officer of the County of Santa Barbara, his or her deputies or any other County officer charged with the administration of the provisions of this Chapter, including providing an approval or disapproval to the Treasurer-Tax Collector, to issue a license, license renewal or notice of denial of a license to any applicant.
 - h) "Hearing Officer" means a County department executive or manager not involved in cannabis licensing or permitting that presides and rules on decisions made by any County officer charged with the administration of the provisions of this Chapter, including providing an approval or disapproval to the Treasurer-Tax Collector, to issue a license, license renewal or notice of denial of a license to any applicant.
 - i) "Land use entitlement", also referred to as "permit", means any authorization from the County Planning and Development Department to engage in specific land use on a specific lot. A land use entitlement is separate and distinct from a cannabis business license.
 - j) "Licensee" means a person issued a County cannabis business license under this Chapter.
 - k) "Outdoor cultivation" means the cultivation of cannabis, outside of a structure, without the use of artificial lighting in the canopy area at any point in time. Cultivation within a hoop structure is considered outdoor cultivation. No artificial lighting is permissible for outdoor cultivation, including within hoop structures.
 - l) "Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, cooperative, collective, or any other group or combination acting as a unit and includes the plural as well as the singular number.
 - m) "Personal Use" means the cultivation, harvesting, drying, or processing of cannabis plants with the intent to possess, smoke, or ingest cannabis or cannabis products for one's own individual use or by a primary caregiver for their qualified patient(s) in accordance with State law.

- n) "Premises" means the designated structure or structures and land specified in the state application that is owned, leased or otherwise held under the control of the applicant where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one state license.
- o) "Primary caregiver" has the same definition as in Section 11362.7 of the California Health and Safety Code, as it may be amended.
- p) "Property owner" means the individual or entity who is the record owner of the lot where commercial cannabis activities are located or are proposed to be located.
- q) "Qualified patient" has the same definition as in Section 11362.7 of the California Health and Safety Code, as may be amended.
- r) "Retail" means both storefront and non-storefront retail as follows:
 - 1. "Non-Storefront Retail." Delivery-only retail of commercial cannabis or cannabis products, also referred to as Non-Storefront Retailer; and
 - 2. "Storefront Retail." The retail sale and delivery of cannabis or cannabis products to customers, also referred to as a Storefront Retailer. A retailer shall operate from a licensed premise. A retailer's premise may be closed to the public. A storefront retailer may also conduct some sales by delivery.
- s) "Sheriff" means the Sheriff of the County of Santa Barbara, and his or her deputies.
- t) "State" means the state of California.
- u) "State license" means a state license for cannabis, whether an "M" license or an "A" license or another type of license, issued pursuant to California Business & Professions Code Sections 26000, *et seq.*, as may be amended, or other authority.
- v) "State licensing authorities" means the California Department of Food and Agriculture or CalCannabis, the California Department of Public Health or the Manufactured Cannabis Safety Branch, the California Department of Consumer Affairs or the Bureau of Cannabis Control, or other State department(s), bureau(s) and/or office(s) that issue cannabis licenses.
- w) "Treasurer-Tax Collector" means the elected Treasurer-Tax Collector-Public Administrator of the County of Santa Barbara, his or her deputies or any other County officer charged with the issuing licenses, noticing denials of licenses or renewing of licenses to applicants pursuant to the provisions of this Chapter.

Section 50-3. Cannabis Business Licenses Required.

- a) Any person who intends to engage in a commercial cannabis operation in the unincorporated area of the County shall obtain a cannabis business license. A

separate cannabis business license shall be required for each person or entity for each fixed location in which the commercial cannabis activity is to occur and for each licensed activity as noted in subsection c below.

- b) A cannabis business license shall be obtained before the commencement of business or, if the business is in operation and a license possessed, prior to the expiration of such license. It is unlawful for any person to conduct, engage in, or allow to be conducted or engaged in a commercial cannabis activity in the unincorporated area of the County, unless the County has issued such person a business license under this Chapter and the license is in effect.
- c) Any person who seeks or obtains the following State licenses is also required to obtain the corresponding Santa Barbara County Cannabis Business Licenses as identified below:

State License Types*	Santa Barbara County Cannabis Business License Required
Cultivation Licenses - Type 1, 1A, 1B, 1C, 2, 2A, 2B, 3, 3A, 3B, 5, 5A, 5B & Processor	Cultivator
Cultivation Licenses- Type 4	Nursery
Manufacturing – Type 6 & 7, N (edibles/topical) & P (packaging)	Manufacturer
Testing – Type 8	Testing
Retailer – Type 9 & 10	Retailer
Distributor – Type 11	Distributor
Microbusiness – Type 12	Microbusiness

* Pursuant to Business and Professions Code § 26050, as may be amended.

Section 50-4. Cannabis Business License Term.

All cannabis business licenses shall be valid for 1 (one) year from the date of issuance by the Treasurer-Tax Collector, unless suspended or revoked by the County pursuant to Section 50-27.

Section 50-5. Cannabis Business License Exemptions.

- a) The following cannabis activities are exempt from the cannabis business license requirements of this Chapter:

1. Possession, processing, storage, transportation, or donation of not more than 28.5 grams of cannabis or not more than eight grams of concentrated cannabis by persons 21 years of age or older.
 2. Cultivation in a legally established, secure dwelling or an enclosed, legally established, secure building that is accessory to a dwelling of up to six cannabis plants by persons 21 years of age or older as allowed pursuant to Health and Safety Code Section 11362.1(a), as may be amended, and as allowed by the County Land Use and Development Code Section 35.42.075, Montecito Land Use and Development Code Section 35.422.055, and Coastal Zoning Ordinance Section 35-144U, as may be amended.
 3. Legal nonconforming medical marijuana cultivation sites established by County Code Section 35-1003, until they are terminated, pursuant to County Code Section 35-1003.C, as may be amended.
- b) Possession of other types of State or County permits or licenses, shall not exempt the applicant from obtaining a cannabis business license under this Chapter.

Section 50-6. Other Licenses and Permits.

- a) An applicant must receive all necessary land use entitlements/permits as required by Chapter 35, Zoning, of the Santa Barbara County Code before the County will issue a cannabis business license under this Chapter.
- b) The terms and conditions of any other State or County permits or licenses, shall not modify the requirements of a license granted under this Chapter, except that the cannabis business license must be consistent with the land use entitlement/permit issued by the County pursuant to Chapter 35, Zoning, of the Santa Barbara County Code, including, but not limited to, the County Land Use and Development Code, the Montecito Land Use and Development Code and Article II, the Coastal Zoning Ordinance.

Section 50-7. Limits on Cannabis Business Licenses.

- a) Limits on Cannabis Cultivation, Nursery and Microbusiness Licenses. To avoid visual impacts and nuisances associated with significant concentrations of cannabis cultivation:
 1. No outdoor cultivation, nurseries or microbusinesses with outdoor cultivation will be licensed in the Coastal Zone.

- i. This limitation shall not apply to legal nonconforming cannabis cultivation sites operating in compliance with County Code § 35-1003, until said sites are terminated as legal nonconforming uses.
 2. No more than 186 acres of cannabis cultivation, nurseries and microbusinesses with cultivation shall be licensed at any one time within the boundaries of *Area A* and *Area B* of the Carpinteria Agricultural Overlay District as defined in County Ordinance 4529.
 - i. Applications for cannabis cultivation, nursery and microbusinesses business licenses will be processed and license will be issued up to the acre limit established in Subsection 2 above, based on the order of submission of complete applications, as determined by the County Executive Office. A licensed cultivator will be allowed to continue to operate as long as the licensed cultivator timely files for renewal of the cannabis business license and complies with this Chapter.
 - ii. Once, and whenever, the 186 acre limit is reached no additional licenses will be issued unless and until an issued license is revoked or not renewed, or otherwise becomes available. Whenever 5 or more acres becomes available for cannabis cultivation, nursery and microbusinesses, licenses will be subject to the Selection Process pursuant to Subsection c) below.
 - iii. This limitation shall not apply to legal nonconforming cannabis cultivation sites operating in compliance with County Code § 35-1003, until said sites are terminated as legal nonconforming uses.
- b) Limits on Cannabis Retail Licenses. No more than eight storefront retail cannabis operations may be licensed by the County with a cannabis business license at any time.
 1. To avoid excessive concentration of storefront retail operations within the County, a maximum of two storefront retail operations may be allowed in each Supervisorial District, as defined on the effective date of the Ordinance adding this Section. If after the issuance of 7 cannabis business licenses there are not storefront retail operations in each Supervisorial District, the 8th cannabis business license shall only be issued if proposed to operate in the Supervisorial District without a cannabis storefront retail operation.
 2. This limitation also applies to microbusinesses seeking to operate a storefront retail as part of the microbusiness.

- c) Selection Process. The limited retail and cultivation licenses as outlined in Subsections a) and b) above will be issued to those pre-qualified applicants who comply with the requirements of the County Code and are randomly selected through a process administered by the County Executive Office as follows:
1. Notice of Pre-Qualification and Random Drawing. The County Executive Office will publish notice of the timeframe that pre-qualification applications will be accepted, the posting of the Pre-Qualified Retail Applicants List or Pre-Qualified Cultivation Applicants List, and when and where the random drawing of these pre-qualified applicants will occur in a newspaper of general circulation and will post the timeframe on the County's website.
 2. Separate Selection Process. There will be separate Pre-Qualification, Random Drawing, and License Eligibility Lists for retail and for cultivation licenses.
 3. Pre-Qualification.
 - i. Any person interested in obtaining a cannabis business license described in this section must first submit an application for pre-qualification to the County Executive Office to be part of a random drawing.
 - ii. The application shall include:
 - A. The location for the proposed operation, including physical address and assessor's parcel number;
 - B. Proof of ownership of the site of the proposed operation or written authorization from the owner to operate a cannabis operation;
 - C. An attestation of ability to participate in and meet the requirements of the cannabis business license application process in accordance with Section 50-8, *et seq.*;
 - D. An attestation of ability to conform to and maintain all permitting and licensing requirements;
 - E. A non-refundable application fee; and
 - F. For cultivators, the amount of acres to be cultivated.
 - iii. The County will only accept one application per person per proposed operation location.

- iv. The County Executive Office will review all timely submitted applications. The County Executive Office will forward the applications to the Planning and Development Department to determine whether each applicant's cannabis operation site preliminarily meets zoning and permitting standards (i.e. that the location for the proposed operation is allowable in the zone, that the location meets all setback requirements, etc.).
- v. Applicants that submit a complete application with the required fee and that preliminarily meet the zoning and permitting standards will be placed on a "Pre-Qualified Retail Applicants List" or will be placed on a "Pre-Qualified Cultivation Applicants List" and will be referred to as pre-qualified applicants.
- vi. The County Executive Office will post the Pre-Qualification Retail Applicants List or a Pre-Qualified Cultivation Applicants List on the County's website and a copy of the list will be available in the County Executive Office. Any applicant not on a List will have three (3) business days after the posting of a List on the County's website to file an appeal with the County Executive Office. Appeals will be considered by the County Executive Office and all decisions of the County Executive Office are final.

d) Cannabis Retail or Cultivation License Eligibility Lists.

- 1. Once the Pre-Qualification Retail Applicants List or the Pre-Qualified Cultivation Applicants List is complete, the County Executive Office will schedule a random drawing of the pre-qualified applicants to occur in an open and public location. The pre-qualified applicants will be selected at random to form the Cannabis Retail License Eligibility List or the Cannabis Cultivation License Eligibility Lists.
- 2. The Cannabis Retail License Eligibility List or the Cannabis Cultivation License Eligibility Lists will be valid for three years or until all names are exhausted from the List. Upon exhaustion of the List or at the end of three years, the process listed above begins anew.
- 3. Qualified applicants on the Cannabis Retail License Eligibility List or the Cannabis Cultivation License Eligibility Lists will need to renew their interest in remaining on the Lists annually, by submitting a written request to the County Executive Office on the anniversary of creation of the Lists.

e) Permitting and Licensing of Retail Cannabis Operations.

1. The first 8 selected pre-qualified applicants, subject to the limitations in Subsection b) above of no more than 2 per District, will then be able to start the process to obtain a land use entitlement/permit and ultimately a cannabis business license.
2. The selected pre-qualified applicants will have 90 days to submit an application to the Planning and Development Department. If the Planning and Development Department deems the application incomplete, the Department will establish a deadline by which they need to complete the application or lose their qualification. Failure to timely file an application will result in the selected pre-qualified applicant being removed from the Qualified List and losing their status and the next applicant on the Qualified List who meets the limitations of Subsection b) above to submit an application for a permit.
3. Once a selected pre-qualified applicant has obtained a land use entitlement, they must then apply for a cannabis business license. Withdraw, suspension, or abandonment of the cannabis business license application in accordance with Sections 50-8.d or 50-9.b will result in the selected pre-qualified applicant being removed from the Qualified List and losing their status.
4. Once a selected pre-qualified applicant has obtained a land use entitlement and a cannabis business license that individual will be referred to a licensed retailer and will be allowed to continue to operate as long as the licensed retailer timely files for renewal of the cannabis business license and complies with this Chapter. If the cannabis business license is revoked or not timely renewed the licensed retailer will lose their status and the next pre-qualified applicant on the Qualified List who meets the limitations of Subsection b) may start the permitting and licensing process.

f) Permitting and Licensing of Cannabis Cultivation Operations.

1. The first selected pre-qualified applicants, in order of selection and subject to the maximum amount of acreage available, will be able to start the process to obtain a land use entitlement/permit and ultimately a cannabis cultivation business license for an operation no larger than the available acreage pursuant to Subsection a).
2. The selected pre-qualified applicants will have 90 days to submit an application for land use entitlements to the Planning and Development Department. If the Planning and Development Department deems the application incomplete, the Department will establish a deadline by which

they need to complete the application or lose their qualification. Failure to timely file an application will result in the selected pre-qualified applicant being removed from the Qualified List and losing their status and the next applicant on the Qualified List who meets the limitations of Subsection a) above to submit an application for a permit.

3. Once a selected pre-qualified applicant has obtained a land use entitlement, they must then apply for a cannabis business license. Withdraw, suspension, or abandonment of the cannabis business license application in accordance with Sections 50-8.d or 50-9.b will result in the selected pre-qualified applicant being removed from the Qualified List and losing their status.
4. Once a selected pre-qualified applicant has obtained a land use entitlement and a cannabis business license that individual will be referred to a licensed cultivator and will be allowed to continue to operate as long as the licensed cultivator timely files for renewal of the cannabis business license and complies with this Chapter. If the cannabis business license is revoked or not timely renewed the licensed cultivator will lose their status and the next pre-qualified applicant on the Qualified List who meets the limitations of Subsection a) may start the permitting and licensing process.

Section 50-8. Application Content for an Annual Cannabis Business License.

- a) Each application for a cannabis business license shall be filed with the County Executive Officer on the form and in the manner prescribed by the County.
- b) The application shall contain, without limitation, the following documentation:
 1. Background and Contact information:
 - i. All applicants' and agent's names, mailing addresses, phone numbers, and email addresses.
 - ii. Name, address and telephone number for all business owners, managers, supervisors, employees, and persons having a 10% or more financial interest in the commercial cannabis activity that is the subject of the application or, if the applicant is an entity, having a 10% or more financial interest in the entity.
 - iii. A 24-hour contact phone number.
 - iv. Written proof or copy of government-issued identification (i.e., California driver's license, California identification card, or certified birth certificate) that all applicants, business owners, supervisors, and employees are 18 years of age or older for State

medical licenses, and 21 years of age or older for State non-medical licenses.

- v. The names, addresses and license numbers of any and all other commercial cannabis operations currently being operated by the applicant, or that had previously been operated by the applicant and a statement of whether the authorization for any such operation has been revoked or suspended and, if so, the reason therefore.

2. Information on the operation:

- i. A full description of the proposed activities and products of the commercial cannabis operation.
- ii. Proposed hours of operation.
- iii. Number of employees.
- iv. Location and Premises Diagram.

A. The physical address and assessor's parcel number(s) (APN) of the Tax Assessor's parcels that constitute the lot upon which the proposed commercial cannabis operation will be located.

B. Premises Diagram. A diagram of the premises, drawn to scale, with sufficient detail to enable ready determination of the bounds of each of the State licensed premises, or proposed State license premises, showing without limitation, the boundaries of the lot on which the premises will be located; if the proposed premises consists of only a portion of a property, the diagram shall be labeled indicating which part of the property is the proposed premises and what the remaining property is/will be used for. All roads and water crossings on the property, sources of water used, including the location of waterbody diversions, pump locations and distribution system, and location, type and capacity of each storage unit to be used for cultivation, the APN, location of pesticide storage facility and hazardous material storage; site plan and, if applicable, floor plan of all buildings and structures, which illustrate all entry ways and exits to the building and/or structure, loading zones and all areas, in which, commercial cannabis activities are proposed to occur.

- v. Authority to Operate. Proof of ownership of premises, or if the premises on which the commercial cannabis operation is to occur is rented or leased, written permission from the property owner containing the property owner(s)' notarized signature that authorizes the tenant or lessee to engage in commercial cannabis activities at the site.
 - vi. State information.
 - A. A copy of the applicant's State cannabis licenses or applications.
 - B. The State cannabis license type, pursuant to Business and Professions Code Section 26050, as may be amended, for proposed commercial cannabis operation, including whether the activity is medical or non-medical.
 - C. A description of the number and type of State license(s) that will be required for the proposed operations pursuant to California Business & Professions Code Sections 26000, *et seq.*, as may be amended, including a description of the proposed total canopy area of any cultivation or nursery operation.
 - D. A State seller's permit number issued pursuant to Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code, as may be amended, or indicate that the applicant is currently applying for a seller's permit, if applicable.
 - vii. Land Use Entitlement/Permit. A copy of the land use entitlement for the proposed commercial cannabis operation. If the following is not included in the land use entitlement it shall also be submitted as part of the application:
 - A. Cultivation Plan. A Cultivation Plan including total canopy size and production setting.
3. Business Entity Requirements:
- i. If the Applicant is a business entity or any form of entity, information regarding the entity, including, without limitation:
 - A. The name and address of the entity;
 - B. The entity's legal status; and

C. Proof of registration with, or a certificate of good standing from, the California Secretary of State.

4. Quality Control Plan. A Quality Control Plan including procedures sufficient to demonstrate how the Applicant will comply with state standards for non-contamination.
5. Energy Conservation Plan. An energy conservation plan in compliance with Section 50-10 below.
6. Site Security Plan and Criminal Background Check.
 - i. Site Security Plan in compliance with Section 50-11 below.
 - ii. All business owners, supervisors, employees, and any other persons having at least a 20% financial interest, unless the interest is solely a security, lien, or encumbrance, must go through a live scan background check that discloses no felonies in accordance with California Business and Professions Code section 26057, as may be amended.
7. Inventory Control Plan. Demonstrate the capacity for tracking the location of all cannabis or cannabis products and the ability to reconcile on-hand inventory with the records in the track and trace database.
8. Applicant acknowledgement:
 - i. A statement by the Applicant that the Applicant has the ability to comply with all laws regulating businesses in the State as well as all requirements of this Chapter and the County Code and that it shall and will maintain compliance during the term of the license.
 - ii. Agreeing to indemnify, defend and hold harmless the County, its officers, official, agents and employees from any claim, action, or proceeding against the County, its officers, official, agents or employees arising from the operation or to attack, set aside, void or annul, in whole or in part, an approval of the application by the County or issuance of a license. In addition, Applicant will complete a defense and indemnification agreement on a form provided by the County.
 - iii. Authorization for the County, its agents and employees to access all premises, during standard operating hours, upon which cannabis operations are occurring or intend to occur, including, but not limited to, initial site visits prior to issuance or renewal of a license, and compliance checks.

iv. Certification, under penalty of perjury, that all the information contained in the application is true and correct.

9. Other information: Any other information required by the County Executive Officer or County Executive Office.

- c) An Applicant shall submit to the County Executive Officer an application for a cannabis business license with all required documents, plus as many copies of the application and supporting documentation as required, and the application fee using the method and location for submission as determined by the County Executive Office.
- d) An Applicant may withdraw or suspend their application by submitting a written request for either action. Requests must be delivered or mailed to the County Executive Office. Withdrawn applications may be eligible for a pro-rated refund of fees upon request. If an application is withdrawn and the Applicant later wishes to proceed, the Applicant must submit a new application. Suspended applications will not be eligible for a refund. Reactivation of a suspended application will require a written request for reactivation that must be delivered or mailed to the County Executive Office.

Section 50-9. Review of Process of Application for Cannabis Business License.

- a) Once an Applicant submits an application to the County Executive Office, the County Executive Office will review and determine if the application includes all the information required in Section 50-8 above and that the application fee has been paid.
- b) If the County Executive Office determines that the application does not include all information required in Section 50-8, it will promptly notify the Applicant of the deficient application elements and establish a timeframe for the Applicant to provide the County Executive Office with the missing documents or information.
 - 1. No further action will be taken by the County Executive Office until the application complies with this Chapter, including verification of compliance for State licensing authorities.
 - 2. If the Applicant fails to provide the requested information in the established timeframe the application will be deemed abandoned. No fees will be refunded for abandoned applications.
- c) After the County Executive Office confirms that the application includes all the information required in Section 50-8, the County Executive Office will promptly

forward the application to appropriate departments, including, but not limited to, Planning and Development, Sheriff, Fire, Agricultural Commissioner, Treasurer-Tax Collector, and Public Health for review and site visit. The departments shall recommend to the County Executive Office whether or not the County Executive Office should approve the issuance of the cannabis business license in accordance with this Chapter.

Section 50-10. Application Review by the Planning and Development Department – Energy Conservation Plan and Odor Control System.

- a) The County Executive Officer will forward applications to the Planning and Development Department and request confirmation by Planning and Development Department that:
 1. The Applicant has the proper land use entitlement and odor control system;
 2. The Applicant is in compliance with the commercial cannabis activities development standards required in Chapter 35, Zoning; and
 3. The Applicant has an Energy Conservation Plan approved by the Department.
- b) Energy Conservation Plan. The Applicant for a cannabis business license proposing to engage in indoor cultivation, mixed-light cultivation, nursery operations, manufacturing (volatile or non-volatile), and/or distribution shall prepare and submit to the County Executive Officer an Energy Conservation Plan with their application. The Energy Conservation Plan shall comply with the following.
 1. Net Energy Demand. The Plan must establish the proposed operation's net energy demand. Net energy demand may be determined by projecting the proposed operation's electrical demand and subtracting the historical electricity use data (if available). Historical electricity use data shall be derived from the operation site's utility provider. The Plan must demonstrate the following, as applicable given the historical electricity use on the operation site.
 - i. For an operation site that involved energy usage in 2007, the operator must demonstrate that the proposed cannabis operation will achieve a 15% reduction in the energy usage in 2007.
 - ii. For an operation site that involved energy usage after, but not during, 2007, the operator must demonstrate that the proposed cannabis operation will achieve a 15% reduction in the average energy usage

either (a) since the time at which energy usage began on the operation site or (b) during the ten years prior to the date of the application, whichever is the shorter period of time.

iii. If no energy usage has occurred on the operation site, then 100 percent of the proposed operation's electrical demand shall be considered net energy demand.

2. Energy Conservation. To demonstrate the required energy reduction or no net increase, the Applicant may (1) directly implement any one or more of the following energy conservation and reduction measures, and/or (2) indirectly implement energy conservation and reduction measures through the purchase of credits offered through any one or more of the following renewable energy programs:

- i. Renewable Energy. Energy reduction may be satisfied by sourcing energy demands from renewable energy sources.
- ii. Renewable Energy Choice Program. An Applicant may purchase renewable electricity from a County approved renewable energy source (i.e., Regional Renewable Choice program, Green Rate program, Community Renewable program, or similar equivalent renewable energy program) to offset any net increase of energy demand.
- iii. Energy Conservation Measures. To demonstrate energy reduction or no net increase in energy demand, the Applicant may include energy conservation measures in their Energy Conservation Plan. Conservation measures may include, but are not limited to:
 - A. Participating in an annual energy audit.
 - B. Measuring and recording net energy use.
 - C. Upgrading and maintaining efficient heating/ cooling/ dehumidification systems.
 - D. Implement energy efficient lighting, specifically light-emitting diode (LED) over high-intensity discharge (HID) or high pressure sodium (HPS) lighting where feasible.
 - E. Implementing automated lighting systems.
 - F. Utilizing natural light when possible.
 - G. Utilizing an efficient circulation system.
 - H. Ensuring that energy use is below or in-line with industry benchmarks.

- I. Implementing phase-out plans for the replacement of inefficient equipment.
 - J. Adopting all or some elements of CalGreen Tier 1 and 2 voluntary elective measures to increase energy efficiency in new buildings, remodels, and additions.
 - K. Participating in the Smart Build Santa Barbara (SB2) Program, including plan review by the County Green Building Committee.
 - L. Appendix F of the Santa Barbara County Energy and Climate Action Plan.
3. Implementation. The Energy Conservation Plan shall be implemented prior to the issuance of final building inspection, if this has not occurred prior to issuance of a cannabis business license, and/or throughout operation of the cannabis business as applicable.

Section 50-11. Application Review by the Sheriff's Department -- Criminal History Check and Security Plan.

- a) The Sheriff's Department functions as lead reviewer for all applications and compliance or renewal site visits of cannabis business licenses for distributor and retail operations; including microbusiness. The Sheriff's Department will also participate in reviewing site security plans and criminal history backgrounds for all cannabis business license applications and renewals.
- b) Criminal History Checks.
 - 1. All applicants, owners, persons having at least a 20% financial interest, managers, supervisors and employees of a cannabis operation must contact the Sheriff's Department to conduct a live scan criminal check, that show no felonies in accordance with California Business and Professions Code section 26057, as may be amended. Upon completion of the background check the Sheriff's Department will issue an identification card to be worn by all employees at all times while on the licensed premises.
 - 2. The Sheriff shall obtain a copy of criminal records in the United States, if any, and may obtain the criminal records, if any, in any other country, if obtaining such foreign criminal records is feasible for each person listed in Subsection 1 above.

3. The Sheriff in making his/her recommendation on the application to the County Executive Office may conduct further investigation of the applicant as deemed appropriate and shall consider compliance with Business and Professions Code section 26057, as may be amended.
4. If the Sheriff disapproves the application, the Sheriff shall notify the County Executive Office in writing giving the reason(s) for the disapproval.
5. No applicant, owner, person having at least a 20% financial interest, manager, supervisor or employee engaged in the operation of the commercial cannabis operation may have been convicted of a felony or other crime as set forth in Business and Professions Code section 26057, as may be amended.

c) Site Security Plan.

1. All applicants shall prepare and submit a site security plan to the County Executive Office.
2. The County Executive Office will forward the Plan to the Sheriff's Department for review and approval.
3. The Plan shall include at a minimum perimeter security system, lighting, 24-hour video monitoring with 45-day archiving of video that cover all areas of the licensed operation, employee training program on company policies and cannabis laws, color coded identification cards based on access, system for obtaining and managing Sheriff's Department cannabis access identification cards, policies for employees that do not wear identification cards while on the premises, prevention of product diversion, theft, and loss, as may be required by the Sheriff's Department to protect the public safety.
4. If upon review an Applicant's Site Security Plan is inadequate, Sheriff may provide an opportunity to improve the Plan to meet necessary standards.
5. If the Sheriff disapproves the Plan, the Sheriff shall notify the County Executive Office in writing giving the reason(s) for the disapproval.

Section 50-12. Application Review by the Agricultural Commissioner's Department – Cultivation Operations, Pesticides & Measuring Devices.

- a) The Agricultural Commissioner's Department functions as lead reviewer for all applications and compliance or renewal site visits of cannabis business licenses

- for nursery, cultivation, and microbusiness with a nursery or cultivation operation.
- b) The Agricultural Commissioner's Department will review and evaluate the following for compliance with State law and County Code:
 - 1. Cultivation plans, including canopy areas, areas outside the canopy area for immature plants, designated pesticide storage area, processing and packaging areas, cannabis waste site, area for harvested cannabis storage, harvest schedules and source of immature plants;
 - 2. Sealing of all measuring devices per California Code of Regulation 8213;
 - 3. Weighmaster and California Package and Labeling requirements defined in California Business and Professions Code Division 5;
 - 4. Presence and use of pesticides;
 - 5. Cannabis waste disposal plan generated by cultivation operations;
 - 6. Processing facility and operations; and
 - 7. Cannabis operations in relation to other agricultural uses on the site.
 - c) The Agricultural Commissioner's Department shall make a recommendation on an application to the County Executive Office.
 - d) If the Agricultural Commissioner's Department disapproves the application, the Department shall notify the County Executive Office in writing giving the reason(s) for the disapproval.

Section 50-13. Application Review by the Fire Department – Cannabis Operation Site and Manufacturing Equipment Safety.

- a) The Fire Department will review and evaluate the following for compliance with State law and County Code:
 - 1. Safety of cannabis manufacturing operations that involve extraction equipment;
 - 2. Fire department access roads and water supply per County Code; and
 - 3. Fire hazard potential at cannabis operation sites.
- b) The Fire Department shall make a recommendation to the County Executive Office on whether the application complies with Section 50-13a).
- c) If the Fire Department disapproves the application, the Department shall notify the County Executive Office in writing giving the reason(s) for the disapproval.

**Section 50-14. Application Review by the Public Health Department –
Manufacturing and Testing Operations and Facilities.**

- a) The Public Health Department functions as lead for all applications and compliance or renewal site visits of cannabis business licenses for manufacturing and testing operations, including microbusinesses.
- b) The Public Health Department will review and evaluate the following for compliance with State law and County Code:
 - 1. Operations, inventory, waste and quality control procedures and protocols;
 - 2. Manufacturing and testing operations conformity with applicable state product, packaging and labeling regulations;
 - 3. Processing facility and operations in relation to eliminating sources of contamination and promoting sanitary conditions;
 - 4. Cannabis operations in relation to other agricultural uses on the site; and
 - 5. Storage conditions of cannabis edibles at retail sales premises
- c) The Public Health Department shall make a recommendation on an application to the County Executive Office.
- d) If the Public Health Department disapproves the application, the Department shall notify the County Executive Office in writing giving the reason(s) for the disapproval.

Section 50-15. County Executive Office - Coordination and Review of Licenses.

- a) The County Executive Office functions as lead coordinator for the licensing and compliance review process for all cannabis business licenses.
- b) The County Executive Office shall provide reports to the Board on the status of the cannabis business licensing program at least annually.
- c) The County Executive Office:
 - 1. Reviews the license or renewal application, and forwards it to the County's licensing and compliance staff for review, findings, site visitation, and recommendation.
 - 2. Determines if there is any cause for denial, in accordance with Sections 50-17 or 50-20 of this Chapter and based on the recommendation and

findings of licensing and compliance staff from the Agricultural Commissioner, Fire, Planning and Development, Treasurer-Tax Collector, Public Health and/or Sheriff's departments.

3. Determines if any reason for denial can be resolved by the Applicant and establishes a timeframe for the resolution followed by the Applicant requesting re-review of that portion of the application.
4. Approves denial of the application by the Treasurer-Tax Collector, if there is ground for denial.
5. Approves license issuance by the Treasurer-Tax Collector, if there is no ground for denial.

Section 50-16. License Issuance by the Treasurer-Tax Collector's Department.

- a) The Treasurer-Tax Collector functions as lead for issuance or noticing of a denial of a cannabis business license and determining if Applicant has any County tax delinquencies pursuant to Chapter 50A.
- b) The Treasurer-Tax Collector shall:
 1. Inform the County Executive Office of any County tax delinquencies pursuant to Chapter 50A related to license or renewal applications.
 2. Issue licenses as a result of approval for issuance from the County Executive Office.
 3. Issue notices of denial pursuant to Section 50-18 of this Chapter as a result of approval of a denial from the County Executive Office.
- c) The Treasurer-Tax Collector will maintain a record of each license issued and notify the County Executive Office of issuance of a license or notice of denial pursuant to subsection b) above.

Section 50-17. Grounds for Denial of License.

Any application for a cannabis business license may be denied based on any of the following criteria:

- a) Any grounds for denial listed in Section 22-55, 22-56 or 22-57 of the Santa Barbara County Code;
- b) The Applicant has knowingly, willfully or negligently made a false statement of material fact or omitted a material fact from the application;
- c) Any Applicant, owner, person having at least a 20% financial interest, manager, supervisor or employee has been convicted of a felony or other crime as set forth

in Business and Professions Code section 26057, as may be amended and was not approved by the Sheriff;

- d) The applicant's operations, energy conservation, equipment, inventory control, quality control, security waste management or cultivation plans, or other information in the application are determined to be insufficient to maintain the health, safety and general welfare of employees or the public or fail to comply State law or the County Code by staff from the Agricultural Commissioner, Fire, Planning and Development, Public Health or Sheriff's departments;
- e) If applicable, the Applicant failed to obtain and/or maintain a valid seller's permit required pursuant to the Revenue and Taxation Code, as may be amended;
- f) The proposed commercial cannabis operation does not comply with the provisions of this Chapter, Chapter 50A or State law;
- g) The Applicant has not received all necessary land use entitlements as required by Chapter 35, Zoning, of the Santa Barbara County Code;
- h) The Applicant has been denied a license to engage in commercial cannabis activity by a State licensing authority;
- i) The application exceeds the limitations or has not complied with the selection process established in Section 50-7;
- j) The Applicant has denied the County access to the premises to conduct an inspection; or
- k) Failure to pay County taxes, license or permitting fees.

Section 50-18. Procedure and Notice of Denial.

- a) The County Executive Office shall provide the Treasurer-Tax Collector a request for issuance of a notice of denial on the cannabis business license application. If the CEO denies the application, then the County Executive Officer shall provide the grounds for denial based on Section 50-17 above.
- 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.

- c) Denials may be appealed pursuant to Section 50-27 of this Chapter.

Section 50-19. Cannabis Business License Renewal Process.

- a) Each cannabis business license shall expire one year after the date of its issuance. The Treasurer-Tax Collector may renew a cannabis business license if:
 - 1. The County Executive Office receives a timely renewal application by the licensee with a renewal application fee;
 - 2. The licensee has complied with the requirements of this Chapter and the licensee's County license, State license(s) and/or County land use entitlement(s) have not been suspended or revoked;
 - 3. The licensee has allowed any County staff necessary to determine compliance with this Chapter, to conduct site inspections of the cannabis operation to verify licensee's compliance with this Chapter; and
 - 4. The County Executive Office confirms that the commercial cannabis operation meets the standards for issuance of a license pursuant to this Chapter and approves the license issuance.
- b) Any application for renewal shall be filed with the County Executive Office at least 60 calendar days before expiration of the cannabis business license, but no earlier than 90 calendar days before expiration. The renewal application shall include:
 - 1. The legal name of the licensed entity;
 - 2. The date of the County business license expiration;
 - 3. The licensee's mailing address and premise address;
 - 4. Authorization for an onsite inspection of the premises during standard business hours to confirm compliance with this Chapter;
 - 5. Log of odor complaints and responses to complaints, in compliance with Chapter 35, Zoning, of the County Code;
 - 6. If any of the documentation and information supplied by the Applicant pursuant to Section 50-8 has changed since the issuance of the cannabis business license, the Applicant shall submit updated information and documentation with the application for renewal and shall provide such other information as the County Executive Office may require; and

7. The documentation required in Section 50-8.b.8 and 9.
- 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. 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.

Section 50-20. Denial of Renewal Licenses.

- a) An application for renewal of a cannabis business license shall be denied if:
 1. The application is filed fewer than 60 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 is delinquent in payment of County taxes on commercial cannabis activity;
 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.
- b) If a renewal application is denied, an applicant may file a new application pursuant to Section 50-8 or appeal the denial pursuant to Section 50-27. However, the licensee must cease operations when the licensee's license expires until a new license is issued.
- 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.

Section 50-21. Fees.

- a) The filing of an application for a cannabis business license or renewal of a cannabis business license and appeal(s) shall be accompanied by payment of such fees as the Board of Supervisors may establish to recover the cost of administration of this Chapter.
- b) Applicants and licensees are responsible for the costs of inspections, investigations, and any other fee-associated activity established pursuant to this Chapter.

Section 50-22. Cannabis Business Licenses Limits - Nontransferable.

- a) A cannabis business license is issued to and covers only the licensee(s) identified on the cannabis business license and only the premises identified on the cannabis business license.
- b) A cannabis business license is not transferable and automatically terminates upon transfer or change of ownership pursuant to Section 50-23. A cannabis business license does not run with the land.

Section 50-23. Change in Ownership.

- a) Any new business owners, managers, supervisors, employees, or other persons intending to be engaged in the business or operation of the commercial cannabis operation must submit their fingerprints and/or other necessary information for a criminal background check pursuant to Section 50-11, to the Sheriff prior to the proposed change. Once the Sheriff has approved the new person's criminal history and before the new person engages in any activity related to the cannabis business license, the licensee shall submit this approval along with the new person's contact information to the County Executive Office.
- b) Whenever any individual, corporation, limited liability company, partnership or other type of business entity licensed under this Chapter sells or transfers any part greater than 10% of its corporate stock, partnership interest or other business interest in a commercial cannabis operation, a new cannabis business license shall be obtained pursuant to Section 50-8 of this Chapter.

Section 50-24. Change in Premises.

- a) A licensee shall not change or alter the premises in a manner which materially or substantially alters the premises, the usage of the premises, or the mode or character of the business operation conducted from the premises, from the site plan or other plans on file with the application, unless and until the licensee obtains written approval by the County Executive Office.
- b) A material or substantial physical alteration includes, but is not limited to, a substantial increase or decrease in the total area of the licensed premises, any other physical modification resulting in substantial change in the mode or character of business operations.
- c) Change in premises due to a declared natural disaster does not constitute a surrender or abandonment of a license. Moving cannabis, non-manufactured or manufactured cannabis products stored on a premises to another location immediately to prevent loss, theft or degradation of the cannabis or non-manufactured or manufactured cannabis products is allowed without prior approval, if:
 - 1. Cannabis, non-manufactured or manufactured cannabis products are moved to a secure location where only the licensee, employees or contractors have access;
 - 2. Notice is given in writing to the County Executive Office of the change in location within 24 hours, including a request for relief from the premises specific licensing requirements;
 - 3. Access to the new disaster-related premises is provided to the County; and
 - 4. New premises is required for a period greater than ten days, the licensee submits a written request for relief from premises-specific requirements for a defined period of time and the reasons why such relief is required.
- d) To obtain County Executive Office approval of a change in premises the licensee shall submit a new premises diagram, security/video surveillance plan and a written determination from the Planning and Development Department that the amended premises area is covered by the licensee's applicable land use entitlement/permit and continues to meet all setback/buffer and other requirements.

Sec. 50-25. Cannabis Business License Operating Requirements.

- 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:
 - 1. Premises Restrictions:

- i. No cannabis shall be smoked, ingested or otherwise consumed on the premises.
- ii. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of the premises.
- iii. No licensee may hold a license for the premise from the State Department of Alcoholic Beverage Control to sell alcoholic beverages, nor may the cannabis operation include a business that sells alcoholic beverages.
- iv. No alcohol may be stored, sold, dispensed or consumed on the premises.
- v. A licensee shall not sell, store or allow consumption of any tobacco or nicotine products on or at any premises licensed under this Chapter.
- vi. No person or employee shall be under the influence of a controlled substance.

2. Display License and ID Cards.

- i. Each licensee shall conspicuously display its license on the premises. Each commercial cannabis operation that engages in delivery or distribution shall carry a copy of the license in all vehicles that deliver or transport cannabis or cannabis products.
- ii. Employee identification cards shall be worn at all times while on the premises and cards shall be color coded to identify levels of access to portions of the operations.

3. Odor. Odor prevention devices and techniques for cannabis cultivation, in compliance with Chapter 35, Zoning, of the County Code.

4. Records. Each licensee shall keep accurate records of the licensee's commercial cannabis activities in a manner readily accessible for examination by the County for six months onsite and a total of seven years pursuant to Business and Professions Code Sections 26160 through 26162.5, as may be amended.

5. Security Requirements:

- i. Each licensee shall be responsible and liable for safety and security in and around the commercial cannabis operation, and shall provide adequate security on the premises including the cleanup of graffiti, trash around the premises within 48 hours.

- ii. Each licensee shall maintain such surveillance video recordings for a period of at least forty five (45) days and shall make such video recordings available to the County upon demand.
 - iii. Following harvest, all cannabis and cannabis products shall be stored in a secured and locked safe room, safe or vault, and in a manner to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, testing samples or immediate sale.
 - iv. Each licensee shall notify the Sheriff within 12-24 hours after discovering any of the following: diversion, theft, loss, or any criminal activity involving the commercial cannabis operation; significant discrepancies identified during inventory; or any other breach of security.
- 6. 24-Hour Contact. Each licensee shall provide the County Executive Office with the name, telephone number and e-mail address of the licensee's designated community relations contact who the public may contact 24-hours a day regarding problems or concerns associated with the commercial cannabis operation. The licensee shall update the County if any changes occur to the community relations contact. The licensee shall make a good faith effort to resolve problems without the need for intervention by the County.
- 7. Taxes. A licensee shall pay all applicable State and County taxes and fees.
- 8. Insurance. A licensee shall have and maintain for the duration of the license a general liability insurance policy naming the County as an additional insured with minimum coverage requirements of \$1 million per occurrence and \$2 million per aggregate.
- 9. Valid Permits and State Licenses:
 - i. The property owner(s) who own(s) the premises where the commercial cannabis operation is located must at all times have all necessary land use entitlements/permits as required by Chapter 35, Zoning, of the Santa Barbara County Code and the land use entitlements must be operative.
 - ii. A licensee must legally hold all required State Licenses under the Medicinal and Adult-Use of Cannabis Regulatory and Safety Act (Business & Professions Code §§ 26000, *et seq.*), as may be amended, and under all other applicable State laws.

- b) In the interest of public safety, County officials may enter the licensee's premises during standard operating hours for the purpose of observing compliance of the commercial cannabis operation with this Chapter.
- c) County officials, including the County Executive Office or Treasurer-Tax Collector, may inspect the commercial cannabis operation's records, books, accounts, financial data, and any and all data relevant to its licensed activities for the purpose of conducting an audit or examination.
- d) It is a misdemeanor for any person having any responsibility over a commercial cannabis operation to impede, obstruct, or interfere with an inspection, or the review of the copying of records and monitoring (including recordings) including, but not limited to, the concealment, destruction, and falsification of any recordings or records.

Section 50-26. Suspension or Revocation of a Cannabis Business License.

- 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:
 - 1. Failure to comply with one or more of the terms and conditions of the cannabis business license;
 - 2. The cannabis business license was granted on the basis of false material information, written or oral, given unknowingly, willfully or negligently by the applicant;
 - 3. Any act or omission by a licensee in contravention of the provisions of this Chapter;
 - 4. Any act or omission by a licensee in contravention of State law or the Santa Barbara County Code;
 - 5. Any act or omission by a licensee that results in the suspension or revocation of the applicable land use entitlement/permit issued under Chapter 35, Zoning, of the Santa Barbara County Code for the commercial cannabis activities;
 - 6. Any act or omission by a licensee that results in the denial, revocation or suspension of that licensee's State license;
 - 7. Failure to pay, or engaging in falsely reporting of, State or County taxes on commercial cannabis activity;

8. Any of grounds for revocation listed in Section 22-59 of the Santa Barbara County Code;
9. Failure to meet corrective action plans issued by County Department(s) cited in this Chapter; and
10. Engaging in conduct that constitutes a nuisance, where the licensee has failed to abate the nuisance.

Section 50-27. Procedure for Denial, Suspension or Revocation.

- a) Denial. If the Treasurer-Tax Collector issues a notice of denial of an application for a cannabis business license or renewal of a cannabis business license, the Applicant has five calendar days from the date of service of the Treasurer-Tax Collector notice to file a written appeal of the denial pursuant to this Section with the Treasurer-Tax Collector. The hearing on the denial shall be conducted pursuant to this Section.
- b) Suspension or Revocation. If the County Executive Office determines that grounds for suspension or revocation of the cannabis business license exist, the County Executive Office shall issue a written Notice of Intention to suspend or revoke the cannabis business license.

1. Notice of Intention.

- i. The Notice of Intention shall be served on the licensee, as reported on the cannabis business license, and on the property owner, as reported on the latest equalized assessment roll. The Notice of Intention shall be served in accordance with the requirements set forth in Subsection e) below.
 - ii. The Notice of Intention shall include the intention to revoke or suspend the license, the grounds for suspension or revocation, the action necessary to abate the violation, the time limit for compliance/abatement, and the right to a hearing. The Notice of Intention shall notify the licensee of the opportunity to request a hearing before a Hearing Officer, to present evidence as to why the license should not be suspended or revoked, and that the licensee has 10 calendar days to submit a written request for a hearing to the County Executive Office.
2. The licensee shall have 10 calendar days from the service of the Notice of Intention to submit a written request to the County Executive Office for a hearing. Failure to submit a written request for a hearing shall be deemed a waiver of the right to challenge the suspension or revocation of the cannabis

business license and a failure to exhaust administrative remedies. If the hearing is not timely requested, the license will be suspend or revoked in accordance with the Notice of Intention. Appellant will be assessed fees to cover the costs of appeals.

- c) Upon receipt of a timely written request for a hearing, the County Executive Office shall set a date for a hearing to be held within sixty (60) days of receipt of the request, unless an immediate threat to the public health, safety and welfare necessitates an earlier hearing date. Notice of the hearing, including the time, date, and location of the hearing, shall be served in accordance with the requirements in Subsection e) below.
- d) Hearing by the Hearing Officer:
 - 1. The Hearing Officer is authorized to conduct hearings, receive evidence, rule on questions of law and the admissibility of evidence, prepare a record of the proceedings, and render decisions on the denial of an application or suspension or revocation of the cannabis business license.
 - 2. In any proceeding before a Hearing Officer, oral testimony offered as evidence shall be taken only on oath or affirmation, and the Hearing Officer, his/her clerk, or other designee shall have the power to administer oaths and affirmations and to certify to official acts.
 - 3. All parties to the hearing shall have the opportunity to testify, introduce exhibits, call and examine witnesses, and cross examine opposing witnesses on any matter relevant to the issues.
 - 4. The Hearing Officer may postpone the hearing date upon good cause shown, continue the hearing during the course of the hearing, and make such other procedural orders and rulings as he or she deems appropriate during the course of the hearing.
 - 5. Within thirty (30) calendar days after the close of the hearing, the Hearing Officer shall issue a written decision to the County Executive Office, including a statement of the basis for the decision. The Hearing Officer's written decision shall constitute the final administrative decision of the County.
 - 6. In the event a civil action is initiated to obtain enforcement of the decision of the Hearing Officer, and judgment is entered to enforce the decision, the person against whom the order of enforcement has been entered shall be liable to pay the County's total costs of enforcement, including reasonable attorney fees.
 - 7. If neither licensee nor owner, nor their authorized representatives, appear at the noticed hearing, such failure to appear shall constitute an abandonment of the hearing request and a failure to exhaust administrative remedies.

8. The County Executive Office shall inform the Treasurer-Tax Collector of the final administrative decision of the Hearing Officer.
- e) Service of notice to an Applicant, licensee, or owner based on this Section shall be in writing, and shall either be delivered by (i) personal delivery, (ii) certified U.S. mail, postage prepaid, return receipt requested, or (iii) first class mail which shall be deemed to be received (also referred to as date of service) five calendar days following deposit in the U.S. mail. A copy of this notice shall also be provided to the County Executive Office.

Section 50-28. Misdemeanor to Operate Without a License.

Failure to possess, or operating without, a valid cannabis business licenses for each and every cannabis operation as required by Section 50-3, unless exempted in Section 50-5, is a misdemeanor.

Section 50-29. Enforcement and Penalties.

The remedies provided by this Chapter are cumulative and in addition to any other remedies available at law or in equity.

- a) It shall be unlawful for any person to violate any provision, or to fail to comply with any of the requirements, of this Chapter. Any person violating any of the provisions or failing to comply with any of the mandatory requirements of this Chapter shall be guilty of a misdemeanor. No proof of knowledge, intent, or other mental state is required to establish a violation.
- b) Any condition caused or allowed to exist in violation of any of the provisions of this Chapter shall be deemed a public nuisance and shall, at the discretion of County, create a cause of action pursuant to Santa Barbara County Code, and any other action authorized by law.
- c) Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the Santa Barbara County Code or otherwise authorized by law. Additionally, as a public nuisance, any violation of this Chapter shall be subject to injunctive relief, costs of abatement, costs of restoration, costs of investigation, attorney fees, restitution, and any other relief or remedy available at law or in equity.
- d) The County or the Office of the District Attorney may also pursue any and all remedies and actions available and applicable under State and local laws for any violations committed by the licensee, operator or persons related thereto, or associated with, the commercial cannabis activity.

Section 50-30. Cannabis Complaints.

- a) Any complaints regarding cannabis operations may be submitted to the County Executive Office's cannabis hotline.
- b) Each licensee is required to have a 24-hour community relations contact, pursuant to Section 50-24, that is available to receive and respond to complaints from the public. The licensee shall update the County immediately, through the CEO, if any changes occur to the community relations contact. The licensee shall make a good faith effort to resolve complaints without the need for intervention by the County.

Section 50-31. State Licensing Contact.

The County Executive Office is the designated contact for all communications with the State Licensing Authorities regarding cannabis operations.

SECTION 2. Except as amended by this Ordinance the Santa Barbara County Code shall remain unchanged and shall continue in full force and effect.

SECTION 3. 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 4. This Ordinance shall take effect 30 days from the date of its adoption by the Board of Supervisors or for the portion of the ordinance effective in the Coastal Zone upon the later of that date or the date that it is certified by the Coastal Commission pursuant to Public Resources Code Section 30514, and shall become operative and be in force upon the date shown below. 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.

This Ordinance shall become operative only if: (1) the County Treasurer is able to open an account with a suitable financial institution to deposit moneys related to cannabis. Upon opening an account, the County Treasurer shall promptly notify the Department and the Board of Supervisors by filing a Board Agenda Letter with the Clerk of the Board which will be considered at a noticed public hearing; and (2) the Board adopts cannabis license related fees. If this Ordinance becomes operative, the operative date shall be the date the County Treasurer opens such account or the date the Board adopts fees, whichever is later.

SECTION 5: 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 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.

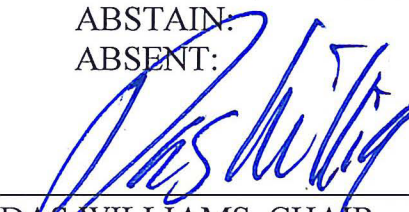
PASSED, APPROVED, AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 1st day of May, 2018, by the following vote:

AYES: Supervisor Williams, Supervisor Wolf, Supervisor Hartmann, & Sup. Lavgnino

NOES: Supervisor Adam


ABSTAIN: None

ABSENT: None



DAS WILLIAMS, CHAIR
BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA

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

By 

Deputy Clerk

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By 
Deputy County Counsel