

Update on Cannabis Compliance, Enforcement and Taxation – Q1 FY2018-19

Santa Barbara County
Board of Supervisors
November 13, 2018



Background

- Cannabis land use and business licensing became operational in the inland portion of the County in June 2018
- Coastal Commission confirmed certification on November 7, 2018 of cannabis land use in the Coastal Zone following the Board's acceptance of recommended modifications
- Permitting, taxation and enforcement have begun

Cannabis Compliance: Land Use Permits

Land Use Permitting Status	Number
Permits Issued – One indoor nursery in Goleta and one outdoor cultivation operation in Los Alamos	2
Planner Consult Applications	36
Conditional Use Permit Applications	5
Land Use Permit Applications	11
Development Plan Applications	2
Other	1
Total	57

(3)



Cannabis Compliance: Business Licensing

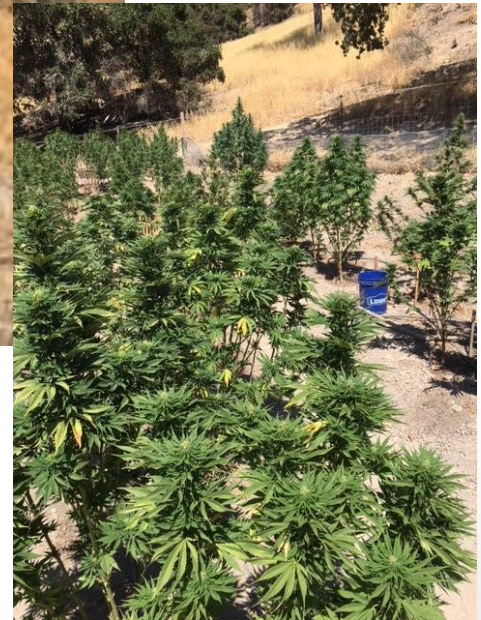
- As of October 21, 2018, the County has provided paper-based Cannabis Business Licensing applications to the two permitted operations.
- The County's new online permit application portal will be operational by the end of the year.
- The Board adopted ordinance adding Chapter 50, Licensing Commercial Cannabis Operations, requires operators to State and federal criminal background checks. This requirement requires a resolution from the Board
- Assigned one coordinator (Fiscal and Policy Analyst) to lead the inter-departmental team of licenses application reviewers. Other departments have each assigned staff to cannabis business application review duties consistent with the 12.5 FTE Board approved positions

Cannabis Enforcement

- Coordination of enforcement actions has been led by the Sheriff's Office. Staff from Agricultural Commissioner, Planning & Development, Environmental Health, and District Attorney, as well as State partners from Cal Cannabis and State Fish & Wildlife. Meet every other week to coordinate activities
- As of October 31, 2018, Sheriff staff has initiated ten enforcement actions against unlicensed cannabis operators. This has led to one arrest and the destruction of over 417,700 plants worth an estimated \$88.9 million in the unlicensed market
- Planning and Development has opened 30 enforcement cases. Nine Notices of Violation issued. Most violations are the result of operators not having valid state licenses and use of lights
- Requirements for odor abatement in the AG-I zone districts of the coastal zone have not taken effect

Cannabis Enforcement Staffing

- The Board adopted FY2018-19 Annual Budget included 9.5 Full Time Equivalents (FTEs) needed for cannabis enforcement.
- All positions have assigned personnel through recruitment and selection or the reassignment of existing staff and hiring others to cover their prior duties.
- A recent request has been made to add an Investigator position to the District Attorney's Department to conduct follow up investigations for criminal or civil prosecution.



Outreach and Education

June	<ul style="list-style-type: none"> • Workshop for cannabis industry in Goleta
July	<ul style="list-style-type: none"> • Public meeting at Supervisor Adam's Office in Lompoc for Cebada Canyon residents
September	<ul style="list-style-type: none"> • CEO and P&D Workshop in BoS Santa Barbara Hearing Room (broadcast to Santa Maria) • State Water Boards Workshop in Carpinteria • Presentation to Carpinteria-Summerland Fire Protection District
October	<ul style="list-style-type: none"> • Public presentation to Tepusquet and Cebada Canyon residents in Santa Maria • Four Workshops on pesticide laws and regulations, as well as, weights and measures regulations conducted by Agricultural Commissioner staff
Ongoing	<ul style="list-style-type: none"> • Updates to the FAQs, Complaint Form, Informational Documents on the County's Cannabis website

Cannabis Taxes

- Ninety-six temporarily licensed operators identified as tax payers for Q1
- \$1.82 million collected for the quarter
 - 30 operators paid
 - 41 reported no gross receipts
 - 31 did not report

State Temporary Licensing

	July 2018	October 2018
Issued licenses	1,289	1,437
Active licenses	1,286	832
Parcels	106	77
Acres	315	196

- SB 1459 signed by the Governor creates a Provisional Annual Cannabis License to provide a compliance path after temporary licenses are no longer available

Emerging Issues

- Hoop ordinance
- Further state changes to regulations

Goals for Future Quarters

- Continue enforcement activities,
- Implement the Accela Cannabis Licensing web portal, and
- Increase the speed of permit and license issuance to provide the protections sought by residents

Recommended Actions

- Receive an update on the status of cannabis land use permitting, business licensing, enforcement against unlicensed operators and State licensing;
- Adopt a resolution authorizing the Sheriff's Office to access state and federal level criminal history checks for cannabis business license applicants as required by Section 50-11 of the Cannabis Business License Ordinance; and
- Find that the proposed actions are an 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)