

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 50, LICENSING OF COMMERCIAL 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 50-2 Definitions, Subsections (h) (now (k)) “Hearing Officer,” and (j) (now (m)) “Land Use Entitlement” are hereby amended, and Subsections:

- (h) “Cultivation”
- (i) “Distribution”
- (j) “Distributor”
- (o) “Local Compliance Officer”
- (p) “Manufacturing”
- (q) “Microbusiness”
- (r) “Nursery” and
- (ee) “Testing”

are hereby added, and Subsection (l) “Outdoor Cultivation” is hereby deleted, and all other definitions are hereby re-lettered and shall read as follows:

**Section 50-2. Definitions.**

**(h) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing or trimming of cannabis, as well as grading of land to conduct any activity. Cultivation includes outdoor cultivation, indoor cultivation, and mixed light cultivation as follows:**

**(i) Indoor Cultivation. The cultivation of cannabis within a structure using exclusively artificial light.**

**(ii) Outdoor Cultivation. 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.**

**(iii) Mixed-Light Cultivation. The cultivation of cannabis in a greenhouse, glasshouse, conservatory, hothouse, or other similar structure using light deprivation and/or one of the artificial lighting models, excluding hoop structures.**

**(i) “Distribution” means the procurement, wholesale, and transport of cannabis and cannabis products between licensees.**

**(j) “Distributor” means a facility used for the storage and distribution of cannabis and cannabis products.**

...

**(k) "Hearing Officer" means a County department executive or manager, or their designee, or the Local Compliance Officer, or an experienced public agency employee, licensed professional (attorney, engineer, accountant, health professional, etc.), or qualified administrative law judge, 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.**

...

~~**(l) "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.**~~

...

**(m) "Land use entitlement", also referred to as “planning permit” or “permit”, means any development or use authorized under the Land Use and Development Code or Coastal Zoning Ordinance by 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.**

...

**(o) “Local Compliance Officer” means the CEO, or their designee, with administrative oversight over the County’s cannabis program. The Local Compliance Officer is the primary point of contact with state authorities.**

**(p) “Manufacturing” means a cannabis operation that engages in extraction and/or infusion processes, including processing, preparing, holding, storing, packaging, or labeling of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients. Manufacturing includes volatile manufacturing (using any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures) and nonvolatile manufacturing (using any solvent in the extraction process that is not a volatile solvent, mechanical extraction or infusion).**

**(q) “Microbusiness” mean any cannabis operation engaged in three of the four following types of cannabis activities: cultivation, distribution, non-volatile manufacturing, and/or retail.**

**(r) “Nursery” means a cannabis operation that only produces clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.**

...

**(ee) “Testing” means an accredited laboratory, facility, or entity that offers or performs tests of cannabis or cannabis products.**

**SECTION 2.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-3 Cannabis Business Licenses Required, is hereby amended and shall read as follows:

**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:

<b>State License Types*</b>	<b>Santa Barbara County Cannabis Business License Required</b>
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	Manufacturer

(edibles/topical) & P (packaging)	
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.

**d) Commercial cannabis operations shall submit a Santa Barbara County business license application within 15 calendar days of approval of a land use entitlement, regardless of whether it is appealed.**

**SECTION 3.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-5 Cannabis Business License Exemptions, is hereby amended and shall read as follows:

**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, **or otherwise expire or end, or upon approval of a land use entitlement.**
    - i) **Once a land use entitlement is approved for a cannabis operation that claimed legal nonconforming status pursuant to County**

**Code Section 35-1003, that operation may only continue operating without a County cannabis business license if:**

- a. **The cannabis operation timely applies for a County cannabis business license in accordance with Section 50-3(d); and**
  - b. **There is acreage available for the cannabis operation under the limitations in Section 50-7(a)(2) and Section 50-7(a)(3), and based on the cannabis operation’s place on the Eligible Business License Applicants List; and**
  - c. **The cannabis operation files all cannabis tax reports and pays all cannabis taxes; and**
  - d. **The cannabis operation makes appropriate progress through the County’s business licensing process, as determined by the CEO’s Office. (For purposes of this subsection appropriate process shall include, but not be limited to, timely and complete compliance with any staff requests, timely submittals, timely scheduling of site visits, etc.); and**
  - e. **The cannabis operation complies with all requirements of the land use entitlement, the County Code, and State law.**
- 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 4.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-8 Application Content for an Annual Cannabis Business License, is hereby amended and shall read as follows:

**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.
  1. **Any information submitted to the CEO must be consistent with any information submitted to the Planning and Development Department, or any other County or State department or agency. If any information is different, the difference must be highlighted and the reason for the difference along with how and when the other departments/agencies were notified of the difference must be included.**

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, **that has been reviewed and approved by Planning and Development as part of the land use entitlement**

~~**process.** 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 approved and/or issued land use entitlement or land use entitlement application accepted by Planning & Development for the proposed commercial cannabis operation. If the applicant does not have a final, un-appealable, approved and issued land use entitlement at the time of applying for a cannabis business license, the applicant may select concurrent processing. The applicant shall notify the CEO if their land use entitlement application is approved, denied or appealed and whether the applicant would like concurrent processing of the business license application during the appeal. **All cannabis operators shall submit a business license application to the CEO's Office within 15 calendar days of receiving an approval for a land use entitlement, regardless of whether it is appealed.** The applicant is responsible for all license processing fees, including if the applicant fails to notify to the CEO as required by this Section or provides late notification. 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 **or inspections** prior to issuance or renewal of a license, and compliance checks **or inspections post issuance of a license.**
- iv. If the Applicant holds a State Provisional Cannabis Cultivation license(s) and is growing cannabis then a statement by the Applicant that the Applicant will demonstrate the operation of their odor control system(s) after obtaining a final issued land use entitlement and during the business license application review process as required in County Code § 50-25 (a)(3). Failure to adequately demonstrate that the odor control system(s) is

operating in compliance with County Code § 50-25 (a)(3) is grounds for denial of a business license in accordance with Section 50-17.

- v. 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 5.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-11 Application Review by the Sheriff’s Department -- Criminal History Check and Security Plan, is hereby amended and shall read as follows:

**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, and supervisors of a cannabis operation must submit to **a live scan check, which will be performed by contact the Sheriff’s cannabis team. Department to conduct a This** live scan ~~criminal~~ check, ~~that~~

~~show no felonies in accordance with California Business and Professions Code section 26057, as may be amended consists of a criminal history search for disqualifying convictions identified in Subsection 6 below. 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. These checks must be completed on principal owners and applicants prior to the issuance of a business license or prior to any subsequent renewal.~~

- ~~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.~~
2. All applicants are required to establish criminal **background history** check procedures **for all permanent employees not listed in Subsection 1 above. and retain criminal background check records for all non-owner and non-supervisory employees equivalent to standards established in Subsection 1 & 2 above. Criminal history checks will be the equivalent to, and may include the use of, live scan. If using live scan, forms must be obtained from the Sheriff's cannabis team. These live scan returns must be sent directly from the Department of Justice, to the Sheriff's Department, for retention and review. Completed non-live scan employee criminal history checks must be retained by the applicant and are subject to inspection by the Sheriff's Department. Upon review, the Sheriff's Department may conduct further investigation, as outlined in Subsection 4 below. Upon satisfactory review of the employee's criminal history, completion of a background check and review, the Sheriff's Office cannabis team will shall obtain a photograph and** issue an identification (**ID**) card to ~~the each~~ qualifying employee. ~~This identification (ID) card is to be worn by employees at all times while on the licensed premises as required by state regulations.~~
3. **All applicants are required to establish criminal history check procedures for all third-party laborers, seasonal or temporary workers on cannabis operations, who move from premise to premise during the cultivation season, or who work for four months or less. These checks may be performed by the applicant, or contracted labor groups, and will be available for review and inspection by the Sheriff's Department when requested. To be an eligible worker, the**

**worker’s criminal history must be free of any felony convictions or crimes outlined in Subsection 6 below. Eligible workers shall be issued a temporary ID card by a manager, supervisor or security equivalent. These workers are only required to be background checked once and their temporary ID card will be valid at any licensed commercial cannabis operation in the County. For third party laborers, seasonal or temporary workers, the cannabis operator is required to maintain a separate master list of all workers and be able to demonstrate, upon request, that said workers have been background checked and issued an temporary ID card. Persons in this category shall not work in any sensitive areas, handle money or remain on the licensed cannabis premise unsupervised.**

4. The Sheriff’s ~~Department in making his/her recommendation on the application to the County Executive Office~~ may conduct further investigation of the applicant, owners or employees as deemed appropriate and shall consider compliance with Business and Professions Code section 26057, as may be amended. **During the criminal history check process, the Sheriff’s Department may also obtain a copy of criminal records in the United States, if any, and may obtain a copy of criminal records in any other country, if obtaining such foreign criminal records is feasible. Upon the satisfactory review of the criminal history, the Sheriff’s Department will issue each qualified person an identification (ID) card. This identification shall be worn when on the licensed premise and used to visually verify authorization of employment at that site.**
5. If the Sheriff disapproves the application, the Sheriff shall notify the County Executive Office in writing giving the reason(s) for the disapproval.
6. 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 **(Plan), that has been reviewed and approved during the land use entitlement process,** 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, **and proof that the Plan complies with Chapter 35 and has received all required approvals from the Planning and Development Department.**
4. If upon review an Applicant's Site Security Plan and/or its implementation is inadequate, Sheriff may provide an opportunity to improve the Plan to meet necessary standards.
5. If the Sheriff disapproves the Plan or its implementation, the Sheriff shall notify the County Executive Office **and the Planning and Development Department** in writing giving the reason(s) for the disapproval.
6. All security plans must be implemented and approved before a cannabis business license will be issued.

**SECTION 6.** Chapter 50 of the Santa Barbara County Code titled "Licensing of Cannabis Operations," Section 50-16 License Issuance by the Treasurer-Tax Collector's Department, is hereby amended and shall read as follows:

**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. **A delinquency includes, but is not limited to, failure to file a quarterly tax report with the County or failure to pay any required taxes.**

2. Issue licenses because 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 7.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-17 Grounds for Denial of License, is hereby amended and shall read as follows:

**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:
  1. The application for a cannabis business license **or renewal**;
  2. Any prior affidavit to the County concerning cannabis, whether medical marijuana or non-medical marijuana; or
  3. **Any submittal to the County or State, including, but not limited to, statements to staff or decisionmakers, tax reports, etc.**
- 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 **County Executive Office, Agricultural Commissioner, Fire, Planning and Development, Community Services, Public Health or Sheriff’s departments. This includes that the Applicant uses the best available control technology as required by County**

**Code Chapter 35 and/or their land use entitlement, and failure to do so is grounds for denial;**

- 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;
- k) Failure to pay County taxes pursuant to Chapter 50A, license or permitting fees; or
- l) **Failure to file quarterly cannabis tax reports with the County, regardless of whether or not reporting any gross revenue.**

**SECTION 8.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-23 Change in Ownership, is hereby amended and shall read as follows:

**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 20%** 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.

1. **Notice. Notice of intent to change ownership should be submitted to the County at least 5 calendar days prior to the change, but in any case, a licensed cannabis operation shall provide notice of any changes to the ownership of the business in writing to the CEO’s Office within 5 calendar days of the change, including the details of the change.**
2. **Continuing Operations. A licensed cannabis operation that timely notifies the County of any change in ownership, and submits a new cannabis business license application within 15 calendar days of the change, may continue to operate for the term of the previously issued County business license while the County evaluates the new application as long as:**
  - i. **There is sufficient space to allow the operation, if the cannabis operation is subject to the limitations in Section 50-7; and**
  - ii. **The operation continues to comply with all County Codes, its land use entitlement, and State law, including, but not limited to, filing tax reports and paying all required taxes; and**
  - iii. **The operation, as a County business license applicant, makes appropriate progress through the licensing process, as determined by the CEO’s office. (For purposes of this subsection appropriate process shall include, but not be limited to, timely and complete compliance with any staff requests, timely submittals, timely scheduling of site visits, etc.)**

**If the cannabis operation fails to comply with Subsections 1 and 2 above, then the cannabis operation shall cease all cannabis activities until a new business license is issued.**

**SECTION 9.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-26 Suspension or Revocation of a Cannabis Business License, is hereby amended and shall read as follows:

**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. Failure to file quarterly tax reports as required in Section 50-17(l) and Chapter 50A;**
9. Any of grounds for revocation listed in Section 22-59 of the Santa Barbara County Code;
10. Failure to meet corrective action plans issued by County Department(s) cited in this Chapter; and
11. Engaging in conduct that constitutes a nuisance, where the licensee has failed to abate the nuisance.

**SECTION 10.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-27 Procedure for Denial, Suspension or Revocation, is hereby amended and shall read as follows:

**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 suspended 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. **Any request by the cannabis operator to continue the hearing beyond the sixty days referenced above shall require the cannabis operator to cease all cannabis activities until such time as the hearing can be held and a decision is issued by the Hearing Officer.**
- 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. **The formal rules of evidence shall not apply to these hearings, and there shall be no right to depose witnesses or make other pre-hearing motions, exception for a motion for continuance, as may be appropriate.**
  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. **The standard of proof shall be a preponderance of the evidence.**
  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.
  9. **The Local Compliance Officer shall inform the appropriate state agencies that the operator no longer has County authorization to operate.**
- 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 11.** Chapter 50 of the Santa Barbara County Code titled “Licensing of Cannabis Operations,” Section 50-31 State Licensing Contact, is hereby amended and shall read as follows:

**Section 50-31. State Licensing Contact.**

- a) The County Executive Office (CEO) is the designated contact for all communications with the State Licensing Authorities regarding cannabis operations. **The CEO may designate one person to function as the Local Compliance Officer with oversight responsibilities for the County’s cannabis program.**
- b) The CEO shall provide written notification to the State, pursuant to Business and Professions Code Section 26055(g)(2)(E), as to the status of legal nonconforming operators that are no longer eligible for local authorization of temporary or provisional annual State cannabis license(s) for the following reasons including, but not limited to:
  - 1) Failure to submit a complete County land use application prior to the expiration of amortization periods in Santa Barbara County Code Section 35-1003.c;
  - 2) Rejection **or denial** of a County land use or business license application;
  - ~~3) **Denial of a county land use permit or business license.**~~
  - 3) **Failure to file required County quarterly cannabis tax report(s) or failure to pay any required taxes; or**
  - 4) **Failure to make appropriate progress through the land use or business licensing application process.**

**SECTION 12.** Except as amended by this Ordinance the Santa Barbara County Code shall remain unchanged and shall continue in full force and effect.

**SECTION 13.** 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 14.** 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 15.** 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 \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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BOB NELSON, 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