

# UPDATE ON CANNABIS

## Compliance, Enforcement, & Taxation

THIRD QUARTER – FY 2020-21

Board of Supervisors  
June 22, 2021



County Executive Office

# TODAY'S REPORT

- Tax Revenues
- Land Use Planning Permits
- Business Licenses
- Retail Storefront Selection Process
- Emerging Issues
- Objectives for Upcoming Quarters

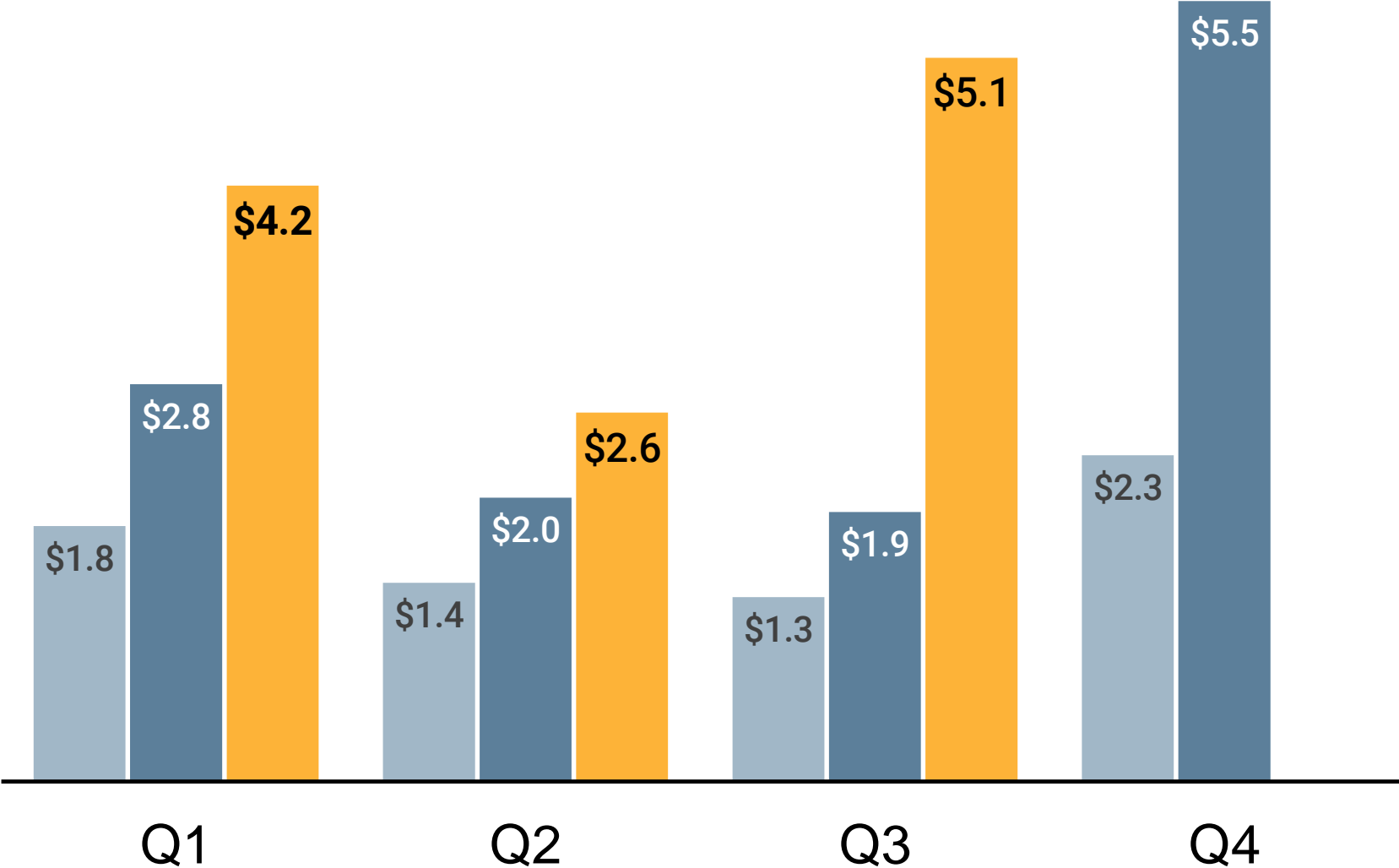
# RECOMMENDED ACTIONS

- Receive an update on the status of cannabis tax collection, land use permitting, business licensing, and enforcement;
- Provide direction to staff to respond to State Local Authorization inquiries with a 'Pending' or 'Local Compliance Underway' for provisional license holders and operators only if they demonstrate appropriate progress through the land use or business licensing application process; file required County cannabis tax report(s) and pay required taxes on cannabis operations; and continue to comply with other conditions of Chapter 50, as outlined in this report;
- Provide any other direction to staff regarding the County's cannabis program; and
- Determine pursuant to CEQA Guidelines Section 15378(b)(5) that the proposed actions are not a project under CEQA

# Cannabis Tax Revenue by Quarter

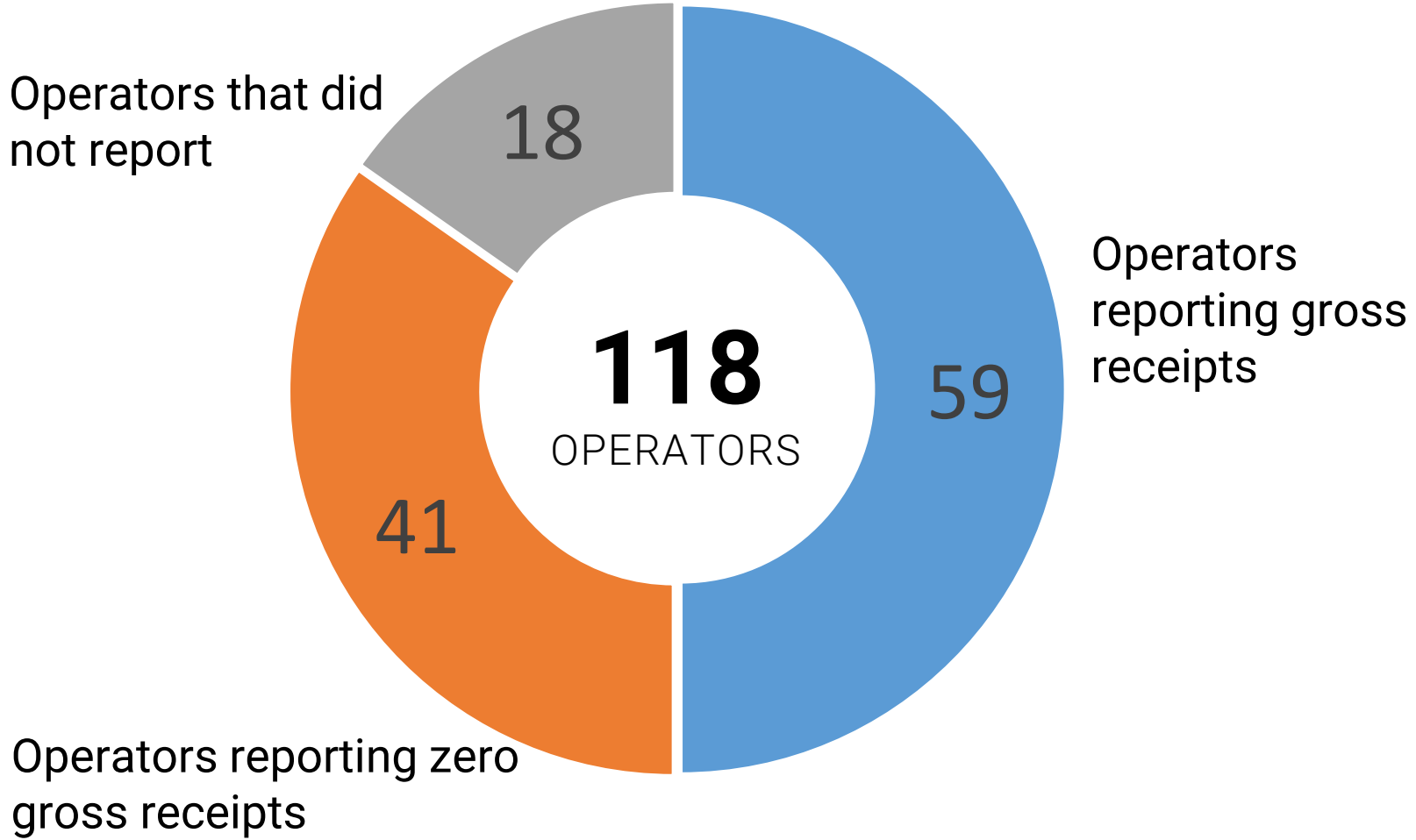
Dollars in millions

- 2018-19
- 2019-20
- 2020-21



# Cannabis Tax Receipts

FY 2020-21 Q3



# Land Use Planning Projects by Status

	FY20-21 Q3 (New)
New Projects Submitted	<b>2</b>
Approved Projects Appealed	<b>7</b>
Approved Projects Pending Issuance	<b>6</b>
Project Permits Issued	<b>1</b>

# Land Use Planning Projects by Status

	Total to Date
Projects Withdrawn/Closed (No Action)	30
Projects Denied (Final Action)	1
Project Permits Issued	26
Project Permits Pending Issuance	12
Projects Currently on Appeal	15
Projects Pending Action/Under Review	92
<b>Total</b>	<b>176</b>

# Land Use Planning Permits by Status

In Acres

Cap	
Carpinteria Ag Overlay	<b>186</b>
Inland and Coastal Unincorp.	<b>1,575</b>

	Inland and Coastal Unincorp.	Carpinteria Ag Overlay
<b>Permitted</b>	<b>355</b>	<b>27</b>
<b>In Pipeline</b>	<b>2,797</b>	<b>222</b>
<b>Q3 Total</b>	<b>3,152</b>	<b>249</b>
<b>Change from Q2</b>	<b>+302</b>	<b>+15</b>



# State Licensing and County Compliance Response

- The State sends notice to the Local Compliance Officer for review and response before state approval and license issuance for all state cannabis license applications.
- To date, legal non-conforming operators that submitted a land use entitlement application and were in good standing received an 'In Compliance' response.
- Staff recommends that any current or future State inquiries for these operators receive a 'Pending' or 'Local Compliance Underway' provided the operator is compliant with the conditions in Chapter 50.

# Retail Storefront Selection Process

- Completed Phase 3, identifying the number one ranked applicant, in 5 of 6 Community Plan Areas. Orcutt CPA delayed by court order.
- Final Ranked List posted on April 30<sup>th</sup> and highest ranked applicants notified.
- The top ranked applicants must submit an application to P&D by July 30<sup>th</sup> that is consistent with their original Cannabis Storefront Retail Selection Application.

## Emerging Issues

1. Processing a high volume of business license applications in coordination with P&D and the rest of the licensing team in an efficient, and timely manner.
2. Administration of acreage cap limits and enforcement of ineligible legal non-conforming operators.
3. Regular review of operators' compliance with County regulations to determine whether they should retain their status of County compliance given in support of state licenses and(or) their County business license.

## Objectives for Upcoming Quarters

- Continue with Accela enhancements to facilitate application renewals, modification, and amendments as necessary.
- On-board 2 new positions to support business license application review, approval, and compliance.
- Present KPMG Cannabis Tax Revenue Cycle Report and evaluate California Cannabis Authority (CCA) membership as a means of receiving data analytics to assist in cannabis oversight, administration, and regulation.

## Objectives for Upcoming Quarters (Cont'd)

- Propose Chapter 50 ordinance amendment(s) to address cannabis policy on business license application renewals, modifications including changes in ownership, and acreage cap eligibility.
- Continue the tax audit process utilizing consultant HdL.
- At the request of industry, explore options around the timing of state license applications, the county cannabis business license process, and prospective cannabis operations.

# QUESTIONS

**Brittany Heaton**

Principal Analyst - Cannabis  
brheaton@countyofsb.org

**Steven Yee**

Fiscal & Policy Analyst  
shyee@countyofsb.org