

LEGISLATIVE DIGEST

[Various Codes - Renewing and Extending Waiver and Refund of Investigation Fee - Two-Year Extension of Medical Cannabis Dispensary Permits and Temporary Cannabis Business Permits - Three-Year Extension of Temporary Cannabis Retail Use Authorization]

Ordinance renewing and extending a prior waiver and refund of investigation fees imposed by Building Code, Section 107A.5, for persons registered with the Office of Cannabis through December 31, 2020; amending the Health Code to extend the date beyond which temporary Medical Cannabis Dispensary Permits issued under Article 33 of the Health Code are rendered invalid from December 31, 2019, to December 31, 2021; amending the Police Code to extend the date beyond which Temporary Cannabis Business Permits issued under Article 16 of the Police Code cannot be extended from December 31, 2019, to December 31, 2021; amending the Planning Code to extend the date by which a Grandfathered Medical Cannabis Dispensary, as defined in the Planning Code, must have received a permit to operate from the Department of Public Health to be deemed a Temporary Cannabis Sales use, as defined in the Planning Code, from December 31, 2019, to December 31, 2021; amending the Planning Code to extend the duration of a Temporary Cannabis Retail Sales use to up to four years, to expire on January 1, 2022; affirming the Planning Department’s determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

1. Any business or individual seeking to operate a cannabis business in San Francisco must register with the Office of Cannabis (“OOC”) and apply to OOC for a Temporary Cannabis Business Permit, and as part of that process, submit to inspections of the business’s premises by the Department of Building Inspection. The Building Code imposes an investigation fee for any work performed without a required Building Code permit (“Investigation Fee”). Ordinance No. 48-18 retroactively waived the Investigation Fee as to persons registered with the OOC, and ordered a refund of Investigation Fees previously collected, but that ordinance became inoperative after December 31, 2018.
2. Medical Cannabis Dispensary permits (issued under Article 33 of the Health Code) and Temporary Cannabis Business Permits (issued under Article 16 of the Police Code) will no longer be effective after December 31, 2019.
3. The Temporary Cannabis Retail Sales Use (authorized by Section 205.2 of the Planning Code) are no longer effective as of January 1, 2019.

AMENDED IN COMMITTEE
10/30/2019

FILE NO. 190842

Amendments to Current Law

1. This ordinance would waive any Investigation Fee with respect to persons now registered with the OOC, retroactive to September 26, 2017, and would require reimbursement of Investigation Fees that have already been collected. This section of the ordinance would be inoperative after December 31, 2020, so that after that date, persons registered with the OOC will again be subject to the Investigation Fee.
2. This ordinance would extend the date beyond which Medical Cannabis Dispensary Permits and Temporary Cannabis Business Permits can no longer be effective to December 31, 2021.
3. This ordinance would extend the maximum duration of a Temporary Cannabis Retail Sales Use from one year to four years, and would extend the expiration date of the Temporary Cannabis Retail Sales Use from January 1, 2019, to January 1, 2022.

Background Information

1. The City enacted Ordinance No. 48-18 in March 2018 to incentivize participants in the cannabis industry to cooperate with the OOC's cannabis permitting scheme. Since the enactment of that ordinance, unforeseen delays have hindered persons registered with the OOC from correcting all preexisting Building Code violations subject to the Investigation Fee before the sunset of Ordinance No. 48-18. But for these unforeseen delays, the Investigation Fee would have been waived and refunded as to such violations under Ordinance No. 48-18. This ordinance would ensure that all persons registered with the OOC have an equal opportunity to remedy Building Code violations while avoiding payment of an Investigation Fee.
2. The City enacted Ordinance No. 230-17 (effective January 2018) to comprehensively regulate Cannabis Business activity in San Francisco under Article 16 of the Police Code and under the oversight of the OOC. It provided for a transition to Article 16 regulation by imposing a sunset date of December 31, 2019, for Medical Cannabis Dispensary permits issued under Article 33 of the Health Code, and by establishing Temporary Cannabis Business Permits to be issued by the OOC, not to be effective beyond December 31, 2019. Unforeseen delays have extended the length of time required by the OOC to process applications for Cannabis Business Permits, necessitating a one-year extension of the sunset dates for both Medical Cannabis Dispensary permits and Temporary Cannabis Business Permits, extending the maximum duration of a Temporary Cannabis Retail Sales Use from one year to three years, and extending the expiration date of the Temporary Cannabis Retail Sales Use from January 1, 2019, to January 1, 2021.
3. The original version of this ordinance, introduced on July 30, 2019, extended the final expiration dates for Medical Cannabis Dispensary Permits and Temporary Cannabis Business Permits from December 31, 2019, to December 31, 2020, and did not include the provisions in the current version of the ordinance amending the Planning Code to extend the maximum

AMENDED IN COMMITTEE

10/30/2019

FILE NO. 190842

duration of a Temporary Cannabis Retail Sales Use from one year to four years, and to extend the expiration date of the Temporary Cannabis Retail Sales Use from January 1, 2019, to January 1, 2022. A substitute ordinance introduced on October 24, 2019, added amendments to the Planning Code to extend the duration of a Temporary Cannabis Retail Sales Use from one year to three years, and to extend the expiration date of the Temporary Cannabis Retail Sales Use from January 1, 2019, to January 1, 2021. The ordinance was amended in committee on October 30, 2019, following the recommendations of the Planning Commission, to further extend the final expiration dates for Medical Cannabis Dispensary Permits and Temporary Cannabis Business Permits to December 31, 2021, to further extend the maximum duration of a Temporary Cannabis Retail Sales Use to four years, and to further extend the expiration date of the Temporary Cannabis Retail Sales Use to January 1, 2022.

n:\legana\as2019\1900473\01403171.docx