

[Various Codes - Cannabis Cafés]

Ordinance amending the Health, Planning, Police, and Business and Tax Regulations Codes to establish a new permit type for cannabis cafés to be administered by the Office of Cannabis that will authorize the permittee to sell cannabis and cannabis products only for consumption on the premises of the café; exempt cannabis cafés from the prohibition on smoking in business establishments; eliminate the prohibition on establishments with a cannabis consumption permit requiring employees to enter a designated smoking room as a condition of employment; exempt cannabis cafés in certain circumstances from the 600-foot buffer rule that applies to cannabis retail establishments; restrict eligibility for cannabis café permits for one year to businesses that currently hold a cannabis storefront retailer permit or that have the same owners as such a business; require Equity Applicants that apply for a cannabis café permit to pay the \$2,000 application fee, any permit amendment processing costs, and the \$3,000 license fee for the first year of operation, associated with the cannabis café permit; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1; and making public necessity, convenience, and welfare findings under Planning Code, Section 302.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

1
2 Section 1.

3 (a) The Planning Department has determined that the actions contemplated in this
4 ordinance comply with the California Environmental Quality Act (California Public Resources
5 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
6 Supervisors in File No. 260281 and is incorporated herein by reference. The Board affirms
7 this determination.

8 (b) On May 21, 2026, the Planning Commission, in Resolution No. 21919, adopted
9 findings ~~[OR, the Planning Department determined]~~ that the actions contemplated in this
10 ordinance are consistent, on balance, with the City's General Plan and eight priority policies of
11 Planning Code Section 101.1. The Board adopts these findings ~~[OR, this determination]~~ as its
12 own. A copy of said Resolution ~~[OR determination]~~ is on file with the Clerk of the Board of
13 Supervisors in File No. 260281, and is incorporated herein by reference.

14 (c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code
15 amendments will serve the public necessity, convenience, and welfare for the reasons set
16 forth in Planning Commission Resolution No. 21919, and the Board adopts such reasons as
17 its own. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File
18 No. 260281 and is incorporated herein by reference.

19
20 Section 2. The Health Code is hereby amended by revising Sections 8A.2 and 8A.6 of
21 Article 8A, and Section 1009.23 of Article 19F, to read as follows:

22 **ARTICLE 8A: CANNABIS CONSUMPTION PERMITS**

23 **SEC. 8A.2. PERMITS FOR THE ON-SITE CONSUMPTION OF CANNABIS.**

24 It shall be unlawful to allow the Consumption of Cannabis or Cannabis Products on the
25 Premises of a commercial business without obtaining and maintaining:

1 (a) A permit therefor issued by the Department of Public Health; and

2 (b) A Medicinal Cannabis Retailer, Cannabis Retailer, Cannabis Café, or Cannabis
3 Microbusiness permit issued by the Office of Cannabis; and

4 (c) A State Cannabis License.

5
6 **SEC. 8A.6. OPERATING STANDARDS.**

7 (a) No Permittee shall allow the on-site Consumption of Cannabis or Cannabis Products in
8 a manner inconsistent with any permit condition imposed by the Director, or inconsistent with
9 any rules, regulations, or guidelines promulgated by the Director under Section 8A.8.

10 * * * *

11 ~~(j) A Permittee with a Cannabis Smoking permit may not require employees to enter the Designated~~
12 ~~Smoking Room as a condition of their employment.~~

13 * * * *

14
15 **ARTICLE 19F: PROHIBITING SMOKING IN ENCLOSED AREAS, CERTAIN**
16 **UNENCLOSED AREAS, AND SPORTS STADIUMS**

17 **SEC. 1009.23. EXCEPTIONS.**

18 The following places shall not be subject to this Article 19F:

19 * * * *

20 (f) Medicinal Cannabis Retailers, Cannabis Microbusinesses, ~~and~~ Cannabis Retailers, and
21 Cannabis Cafés, as those terms are defined in Section 1602 of the Police Code, that have received
22 and maintain:

23 (1) A Cannabis Business Permit issued by the Director of the Office of Cannabis under
24 Article 16 of the Police Code; and

25 (2) A Cannabis Consumption Permit that authorizes the smoking of cannabis, issued by

1 the Director of Health under Article 8A of the Health Code, ~~unless the smoking of cannabis is~~
2 ~~authorized under subsection (g) of Section 8A.4, pending the approval or denial of an application for~~
3 ~~such permit.~~

4
5 Section 3. The Planning Code is hereby amended by revising Section 102 of Article 1,
6 and Section 202.2 of Article 2 to read as follows:

7 **ARTICLE 1: GENERAL ZONING PROVISIONS**

8 **SEC. 102. DEFINITIONS.**

9 * * * *

10 **C**

11 ***Cannabis Retail.*** A Retail Sales and Service Use that sells or otherwise provides
12 cannabis and cannabis-related products for adult use with or without consumption of said
13 products on site. This use ~~and that~~ may also include the sale or provision of cannabis for
14 medicinal use. A Cannabis Retail establishment may only be operated by the holder of (a) a
15 valid license from the State of California (License Type 10—Retailer, as defined in California
16 Business and Professions Code, Division 10) and (b) a valid permit from the City's Office of
17 Cannabis. This use is subject to operating and location restrictions set forth in
18 Section 202.2(a).

19 * * * *

20
21 **ARTICLE 2: USE DISTRICTS**

22 **SEC. 202.2. LOCATION AND OPERATING CONDITIONS.**

23 (a) Retail Sales and Service Uses. The Retail Sales and Service Uses listed below
24 shall be subject to the corresponding conditions:

25 * * * *

1 (5) Cannabis Retail. A Cannabis Retail establishment must meet all of the
2 following conditions:

3 (A) A Cannabis Retail establishment must apply for a permit from the Office of
4 Cannabis pursuant to Article 16 of the Police Code prior to submitting an application to the
5 Planning Department.

6 (B) The parcel containing the Cannabis Retail Use shall not be located within a
7 600-foot radius of a parcel containing an existing School, public or private, unless a State
8 licensing authority specifies a different radius, in which case that different radius shall apply.
9 In addition, the parcel containing the Cannabis Retail Use shall not be located within a 600-
10 foot radius of a parcel for which a valid permit from the City's Office of Cannabis for a
11 Cannabis Retailer or a Medicinal Cannabis Retailer has been issued, except that: (i) a
12 Cannabis Retail Use may be located in the same place of business as one or more other
13 establishments holding valid permits from the City's Office of Cannabis to operate as
14 Cannabis Retailers or Medicinal Cannabis Retailers, where the place of business contains a
15 minimum of 350 square feet per Cannabis Retail or Medical Cannabis Dispensary Use; and
16 (ii) a Cannabis Retail Use with a Cannabis Café permit issued application referred by the Office of
17 Cannabis may be located within 600 feet of another Cannabis Retail Use, provided that any such
18 locations are permitted by state law. There shall be no minimum radius from a Cannabis
19 Retail Use to an existing day care center or youth center unless a State licensing authority
20 specifies a minimum radius, in which case that minimum radius shall apply.

21 (C) Cannabis may be consumed or smoked on site pursuant to authorization by
22 the Department of Public Health as applicable.

23
24 Section 4. Article 16 of the Police Code is hereby amended by revising Sections 1602,
25 1606, 1607, 1608, 1609, 1613, 1615, 1618, 1619, 1620, and 1630, and adding Section

1 1628.5, to read as follows:

2 **ARTICLE 16: REGULATION OF CANNABIS**

3 **SEC. 1602. DEFINITIONS.**

4 As used in this Article 16, the following words or phrases shall mean:

5 * * * *

6 “Cannabis Business” means any of the following: Cannabis Café, Cannabis Cultivation
7 Facility, Cannabis Manufacturing Facility, Cannabis Testing Facility, Cannabis Distributor,
8 Cannabis Microbusiness, Medicinal Cannabis Retailer, Cannabis Retailer, or Delivery-Only
9 Cannabis Retailer.

10 “Cannabis Business Permit” means a permit to operate a specific type of Cannabis
11 Business issued under this Article 16.

12 “Cannabis Business Registration Period” means the period of time during which Persons
13 wishing to apply for Cannabis Business Permits may register with the Office of Cannabis, as
14 set forth in Section 1605 of this Article 16.

15 “Cannabis Café” means a fixed place of business where Cannabis and/or Cannabis Products are
16 Sold to Customers exclusively for the purpose of Consumption on the premises.

17 * * * *

18 “Cannabis Retailer” means a fixed place of business where Cannabis and/or Cannabis
19 Products are Sold to Customers, but does not include a Cannabis Café.

20 * * * *

21
22 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

23 * * * *

24 (e) As of the effective date of the ordinance in Board File No. 200144 enacting this
25 subsection (e), the Director shall decline to accept for processing any new applications for

Cannabis Business Permits under this Article 16 in the following categories: Cannabis Retailer, Storefront Cannabis Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness (to the extent relating to retail activity). No later than June 30, 2027, the Controller shall submit to the Board of Supervisors a report that analyzes various impacts of the moratorium on new applications for retail-related Cannabis Business Permits, including its financial impacts on the City and the City's cannabis industry, operational impacts on the Office of Cannabis, and impacts on City neighborhoods.

(f) Temporary Eligibility Criteria for Cannabis Café Permits.

(1) For one year following the effective date of the ordinance in Board File No. 260281, the Director may only accept for processing or issue a permit in response to an application for a Cannabis Café permit that meets all of the following criteria:

(A) The permit Applicant either holds a valid Storefront Cannabis Retailer permit or has the same Owners as a separate entity, identified by name and permit number in the application, that holds a valid Storefront Cannabis Retailer permit. In either case, Storefront Cannabis Retailer be referred to as the "Associated Storefront Cannabis Retailer Permittee."

(B) If the Cannabis Café permit Applicant does not hold a Storefront Cannabis Retailer permit, Associated Storefront Cannabis Retailer Permittee is not the Cannabis Café permit Applicant and has an Equity Applicant as an Owner, the application must document that the Equity Applicant is an Owner of the entity seeking the Cannabis Café permit Applicant and that the Equity Applicant's ownership interest in the Applicant entity seeking the Cannabis Café permit is equal to or greater than the lesser of either: (i) 20%; or (ii) the Equity Applicant's percentage ownership in the Associated Storefront Cannabis Retailer Permittee that has the same Owners as the Applicant entity.

(C) The application's Associated Storefront Cannabis Retailer Permittee identified in the application is not connected, within the meaning of subsection (f)(1)(A), with any

other Cannabis Café permittee or pending Cannabis Café permit application. Notwithstanding the foregoing, prior to permit issuance, the Director may, for good cause, allow a Cannabis Café permit applicant to withdraw the application and submit a replacement application for a different location while maintaining their place in the processing queue. In no event, however, shall the Director issue a Cannabis Café permit to an Applicant whose ~~Associated Storefront Cannabis Retailer P~~ permittee is already associated with a current Cannabis Café permittee within the meaning of subsection (f)(1)(A).

(2) One year after the effective date of the ordinance in Board File No. 260281, the City Attorney may cause this subsection (f) to be removed from the Police Code.

SEC. 1607. CANNABIS BUSINESS PERMITS.

(a) For the purpose of regulating the Commercial Cultivation, Manufacture, Testing, Distribution, Sale, and Delivery of Cannabis, the Director may issue the following permits:

- (1) Cannabis Cultivation Facility;
- (2) Cannabis Manufacturing Facility;
- (3) Cannabis Testing Facility;
- (4) Cannabis Distributor;
- (5) Cannabis Microbusiness;
- (6) Medicinal Cannabis Retailer;
- (7) Cannabis Retailer;
- (8) Delivery-Only Cannabis Retailer; ~~and~~
- (9) Cannabis Nursery; and
- (10) Cannabis Café.

SEC. 1608. TRANSFER OF PERMIT; PORTABILITY OF PERMIT; SALE OF CANNABIS BUSINESS; CHANGE IN OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.

1 * * * *

2 (c) Ownership; Changes in Ownership; Changes in Form or Structure.

3 * * * *

4 (5) Notwithstanding any other provision of this subsection (c), prior to the
5 award of any Cannabis Business Permit, permanent or temporary, and for five years following
6 the date on which the Director has acknowledged receipt of an application for a Cannabis
7 Business Permit from a particular Applicant or Permittee, an aggregate ownership interest of
8 50% or more in that Applicant or Permittee may not be transferred to any Person or
9 combination of Persons who were not Owners of the Permittee at the time that a Cannabis
10 Business Permit was first awarded to that Applicant or Permittee under this Article 16. Nothing
11 in this subsection (c)(5) shall prohibit a holder of a Temporary Cannabis Business Permit from
12 transferring an aggregate ownership interest of 50% or more in the Permittee prior to the
13 award of a permanent Cannabis Business Permit to that Permittee after five years have
14 passed from the earliest date on which the Director acknowledged receipt of an application for
15 a Cannabis Business Permit, whether temporary or permanent, from that Permittee. In the
16 event that, prior to the award of a Cannabis Business Permit or prior to five years after the
17 date on which the Director acknowledged receipt of the application for a Cannabis Business
18 Permit from that Permittee, an aggregate ownership interest of 50% or more in a Permittee is
19 transferred to any Person or combination of Persons who were not Owners of the Permittee at
20 the time that a Cannabis Business Permit was awarded, in violation of this subsection (c)(5),
21 and the Permittee fails to undo the prohibited ownership transfer within six months of
22 receiving notification of such violation from the Director, the Permittee shall promptly
23 surrender the permit to the Director. This restriction shall not apply to any testamentary or
24 intestate transfer of ownership triggered by an Owner's death. This obligation is not
25 dependent on the Director's requesting the surrender, but arises by operation of law six

1 months following notice from the Director that the sale of the Cannabis Business has violated
2 the transfer restriction in this subsection (c)(5). If the Permittee fails to surrender the permit to
3 the Director, the Director may, after giving the Permittee notice by mail and electronically of
4 the proposed action and an opportunity to respond, revoke the permit. Where a permittee has
5 applied for both a Cannabis Café permit and a Storefront Cannabis Retailer permit, the “earliest date
6 on which the Director acknowledged receipt of an application for a Cannabis Business Permit” shall
7 be calculated with reference to the application for the Storefront Cannabis Retailer Permit.

9 **SEC. 1609. PERMIT APPLICATIONS.**

10 (a) **Application and Fee Required.** Every Applicant for a Cannabis Business Permit
11 shall:

- 12 (1) File an application with the Director upon a form provided by the Director;
- 13 (2) Provide such information as may be required by this Article 16 and any
14 regulations promulgated thereto; and
- 15 (3) Pay a non-refundable application fee, unless the Applicant is eligible for a
16 fee waiver or reduction, as authorized by ordinance.

17 (b) **Information Required of All Applicants for Cannabis Business Permits.** The
18 application form for all Cannabis Business Permit Applicants shall require the Applicant to
19 provide the following information and documentation:

20 * * * *

21 (k) Additional Information Required of Applicants for Cannabis Café Permits. In addition to
22 the information required under subsection (b) of this Section 1609, an Applicant for a Cannabis Café
23 permit shall also submit as part of its application:

24 (1) Copies of all documentation submitted to the State Licensing Authority in support of
25 its application for a state storefront retailer license.

1 (2) A Cannabis Café Operations Plan containing such information as may be required
2 by the Director, including but not limited to:

3 (A) A description of the methods to be used to secure against theft or
4 misappropriation of Cannabis Products on site, and security measures that will be implemented to
5 ensure the safety of the Retailer's employees and the public; and

6 (B) A description of where and when shipments of Cannabis and Cannabis
7 Products will be received;

8 (3) Confirmation that the Applicant intends to apply for a Cannabis Consumption
9 permit, as set forth in Article 8A of the Health Code, and a description of the type(s) of Consumption
10 that the Applicant proposes to allow on the Premises.

11 (4) A description of how the Applicant will support the needs of Customers who qualify
12 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,
13 including but not limited to providing space where Customers may speak confidentially with employees
14 of the Cannabis Business, and ensuring a sufficient supply of Medicinal Cannabis and Medicinal
15 Cannabis Products;

16 (5) A statement from the Applicant that the Applicant will not assign any name to the
17 Cannabis Business that is likely to mislead members of the public into believing that the Cannabis
18 Business is legally permitted to sell products to minors, or a name that is likely to entice minors to
19 attempt to patronize the business.

20 (6) If the Applicant intends to operate a Compassion Program, as set forth in
21 subsection (aa) of Section 1618 of this Article 16, a description of the proposed terms and conditions of
22 such program.

23 ~~(4)~~ (l) Upon receipt of an application for a Cannabis Café, Medicinal Cannabis Retailer,
24 or Storefront Cannabis Retailer permit, the Office of Cannabis shall post the name and location
25 of the proposed Cannabis Business on its website, and shall update its website with

1 information about the status of the application until such time as the application has been
2 approved or denied. The Office of Cannabis shall also cause a notice to be posted on the site
3 of the Premises associated with the aforementioned permit applications to notify neighbors
4 that a Cannabis Business Permit is sought at that location, if such notice is not otherwise
5 required by the Planning Code.

6
7 **SEC. 1613. LIMITS ON PERMITS.**

8 (a) A Permittee that holds a Cannabis Testing Facility permit shall be ineligible for
9 and may not be issued a permit to operate any other type of Commercial Cannabis Activity
10 permitted by the City. A Permittee that holds a Cannabis Business Permit other than a
11 Cannabis Testing Facility permit, shall be ineligible for and may not be issued a permit to
12 operate a Cannabis Testing Facility.

13 (b) No permit to operate as a Storefront Cannabis Retailer shall be granted if any
14 individual holding a legal or beneficial interest in the proposed Storefront Cannabis Retailer
15 already holds a legal or beneficial interest in four or more existing Storefront Cannabis
16 Retailers that hold permits under this Article 16, except that an interest held in a Storefront
17 Cannabis Retailer shall not be counted towards this limit if the Storefront Cannabis Retailer
18 has received approval from the Planning Commission, following a discretionary review
19 hearing, as of the effective date of the ordinance in Board File No. 180912. If an application
20 for a permit, under this Article 16, to operate as a Storefront Cannabis Retailer is pending for
21 approval before the Planning Commission, and if the approval of that permit would cause an
22 individual to hold a legal or beneficial interest in four or more existing Storefront Cannabis
23 Retailers (other than Storefront Cannabis Retailers that, as of the effective date of the
24 ordinance in Board File No. 180912, have received approval from the Planning Commission
25

1 following a discretionary review hearing), the Office of Cannabis shall place on hold any
2 additional applications for a permit on behalf of a Storefront Cannabis Retailer in which that
3 individual would hold a legal or beneficial interest in a proposed Storefront Cannabis Retailer.
4 For purposes of this subsection (b), the circumstances in which an individual holds a legal or
5 beneficial interest in a Storefront Cannabis Retailer shall include (but need not be limited to)
6 any circumstance in which an individual holds a legal or beneficial interest in any Person
7 holding a legal or beneficial interest in the Storefront Cannabis Retailer.

8 (c) No application for a permit to operate a Cannabis Café shall be accepted if any individual
9 holding a legal or beneficial interest in the proposed Cannabis Café business already holds a legal or
10 beneficial interest in four or more businesses that either hold valid Cannabis Café permits or have
11 pending applications for Cannabis Café permits under this Article 16. For purposes of this subsection,
12 a legal or beneficial interest in a business may include a legal or beneficial interest in a separate entity
13 that holds a legal or beneficial interest in the permittee or Applicant.

14 (ed) The Controller shall track the number of permits that are awarded pursuant to this
15 Article 16. ~~No later than September 30, 2019, the Controller shall submit to the Board of Supervisors a~~
16 ~~report that makes recommendations as to whether the issuance of Cannabis Business Permits should be~~
17 ~~subject to any numerical, geographical, or other limits.~~

20 **SEC. 1615. ISSUANCE AND DENIAL OF CANNABIS BUSINESS PERMITS.**

21 * * * *

22 (d) **Mandatory Grounds for Denial.** No Cannabis Business Permit shall be issued
23 if the Director finds that:

24 * * * *

25 {(6)} The Premises are materially different from the diagram of the Premises

submitted by the Applicant.

* * * *

(12) The Planning Department or Planning Commission determines that the Applicant engaged in Commercial Cannabis Activities in a location that was not authorized by or consistent with the Planning Code.

(13) The Applicant is a Cannabis Café permit Applicant that the Planning Department has determined would be located within 600 feet of a Storefront Cannabis Retailer, except that if a Cannabis Café permit Applicant's location is within 600 feet of a Storefront Cannabis Retailer with which the Cannabis Café permit Applicant shares all of the same Owners (the "Associated Storefront Cannabis Retailer"), that Applicant's location within 600 feet of the Associated Storefront Cannabis Retailer or another Storefront Cannabis Retailer shall not be grounds for denial of the Applicant's Cannabis Café permit, so long as no other Cannabis Cafés sharing all of the same Owners are located within 600 feet of the Associated Storefront Cannabis Retailer.

* * * *

SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL CANNABIS BUSINESSES.

* * * *

(aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale distribution of Cannabis or Cannabis Products, or to permit the nonsale distribution of Cannabis or Cannabis Products by any Person on the Premises of the Cannabis Business, except as authorized by state law. Notwithstanding the forgoing, and as authorized by state law, a Storefront Cannabis Retailer or Cannabis Café may operate a Compassion Program in which it provides Medicinal Cannabis and/or Medicinal Cannabis Products at no or nominal cost to low-income individuals who are qualified under California

1 Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis. In addition,
2 Cannabis Cultivation Facilities and Cannabis Manufacturing Facilities may provide Medicinal
3 Cannabis and/or Medicinal Cannabis Products at no or nominal cost to Storefront Cannabis
4 Retailers and Cannabis Cafés, for distribution through a Compassion Program. The Director
5 shall adopt rules, regulations and guidelines applicable to Compassion Programs, including,
6 but not limited to: eligibility criteria applicable to persons who may receive Cannabis at no or
7 low cost; and recordkeeping requirements. For purposes of this subsection (aa), “nonsale
8 distribution” means to give Cannabis or Cannabis Products to the general public or some
9 segment thereof at no cost, or at nominal cost, or to give coupons, coupon offers, or rebate
10 offers for Cannabis or Cannabis Products to the general public or some segment thereof at no
11 cost or at nominal cost.

12 * * * *

13
14 **SEC. 1619. PROHIBITION ON ENTRY BY AND SALES TO UNDERAGE PERSONS;**
15 **PROHIBITION ON MISLEADING BUSINESS NAMES.**

16 (a) **Entry to Premises Prohibited.** It shall be a violation of this Article 16 for a
17 Permittee to allow on the Premises any person under 21 years of age, provided however that
18 a Medicinal Cannabis Retailer may allow entry to a person 18 years of age or older who
19 possesses a valid Physician’s Recommendation.

20 (b) **Prohibited Sales.**

21 (1) It shall be a violation of this Article 16 for any Cannabis Café, Storefront
22 Cannabis Retailer, Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell,
23 furnish, give, or cause to be Sold, any Adult Use Cannabis or Adult Use Cannabis Products to
24 any person under the age of 21.

25 (2) It shall be a violation of this Article 16 for any Cannabis Café, Storefront

1 Cannabis Retailer, Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell,
2 furnish, give, or cause to be Sold, any Medicinal Cannabis or Medicinal Cannabis Products to
3 any person who is under the age of 18 and/or who does not possess a valid Physician's
4 Recommendation.

5 (c) **Misleading Business Names Prohibited.** It shall be a violation of this Article 16
6 for a Permittee to assign any name to a Cannabis Café, Cannabis Retailer, or Medicinal
7 Cannabis Retailer, or to use any name in connection with a Cannabis Café, Cannabis Retailer,
8 or Medicinal Cannabis Retailer, if the name is likely to mislead members of the public into
9 believing that the business is legally permitted to sell products to minors, or is likely to entice
10 minors to patronize the business.

11 (d) **Positive Bona Fide Proof of Identity Required.** No Cannabis Café, Storefront
12 Cannabis Retailer, Cannabis Microbusiness, or Delivery-Only Cannabis Retailer may Sell
13 Cannabis or Cannabis Products to any Customer without first examining the Customer's Bona
14 Fide Proof of Age and Identity to confirm that the Customer is at least the minimum age under
15 state law to purchase and possess the Cannabis or Cannabis Product. Review of a
16 Customer's Bona Fide Proof of Age must be performed by an employee of the Permittee, in
17 the presence of the prospective Customer.

18
19 **SEC. 1620. CONSUMPTION OF CANNABIS AND CANNABIS PRODUCTS ON THE**
20 **PREMISES OF CANNABIS BUSINESSES.**

21 (a) The Consumption of Cannabis and Cannabis Products is prohibited on the
22 Premises of all Cannabis Manufacturing Facilities, Cannabis Cultivation Facilities, Cannabis
23 Testing Facilities, Cannabis Distributors, and Delivery-Only Cannabis Retailers.

24 (b) The Consumption of Cannabis Products is not prohibited on the Premises of
25 Cannabis Cafés, Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis

1 Microbusiness, provided, however, that all of the following conditions are present:

2 (1) The Cannabis Business has received and maintained a valid Cannabis
3 Consumption Permit from the Department of Public Health, as set forth in Article 8A of the
4 Health Code, authorizing onsite Consumption of Cannabis Products;

5 (2) Access to the area where the Consumption of Cannabis Products is
6 allowed is restricted to persons 21 years of age and older, or persons 18 years of age and
7 older, if the Permitted Businesses is authorized to Sell Medicinal Cannabis and Medicinal
8 Cannabis Products;

9 (3) Cannabis Consumption is not visible from any public place or nonage-
10 restricted area; and

11 (4) Sale and Consumption of alcohol or Tobacco Products are not allowed on
12 the Premises.

13 * * * *

14
15 **SEC. 1628.5. CANNABIS CAFÉS.**

16 (a) **Authorized Activities.** A Cannabis Café permit authorizes the Permittee to engage in the
17 retail Sale of both Medicinal and Adult Use Cannabis and Cannabis Products to Customers. A
18 Cannabis Café permit does not authorize the Permittee to engage in the Delivery of Cannabis or
19 Cannabis Products to Customers.

20 (b) **Operating Standards.** In addition to the operating requirements set forth in Sections 1618,
21 a Cannabis Café shall comply with the following operating requirements:

22 (1) A Cannabis Café must be operated from a fixed place of business. It may not be
23 operated out of a bus, truck, car, van, or any other mobile location or location that is capable of being
24 mobile.

25 (2) A Cannabis Café shall post staff at the point of entry to the Premises to confirm that

1 all Customers who enter are not underage, as set forth in Section 1619 of this Article 16.

2 (3) A Cannabis Café must make available to Customers a fact sheet relating to safe
3 Consumption of Cannabis and Cannabis Products, to be produced by the Department of Public Health.

4 (4) A Cannabis Café shall not employ physicians for the purpose of recommending
5 Medicinal Cannabis to Customers and shall not enter into any agreements with physicians for such
6 purpose or with a third party that employs physicians for such purpose.

7 (5) A Cannabis Café may Sell Medicinal or Adult Use Cannabis or Cannabis Products
8 to Customers for Consumption on the Premises subject to the following limitations:

9 (A) A Cannabis Café shall only Sell Cannabis or Cannabis Products to
10 Customers for Consumption on the Premises. All menus and other listings of products for sale at a
11 Cannabis Café shall include in a font that is bolded, underlined, and equal to or larger than the font
12 used for product listings a statement that all products are only for Consumption on the Premises and
13 may not be taken off the Premises.

14 (B) A Cannabis Café may only Sell Cannabis or Cannabis Products that are
15 approved for Consumption on the Premises under the Cannabis Café's Cannabis Consumption Permit.

16 (C) A Cannabis Café may not Sell in a single business day Cannabis or
17 Cannabis Products to a Customer in a quantity that exceeds the state legal limit for sale of non-
18 concentrated Adult Use Cannabis or concentrated Adult Use Cannabis Products. A Cannabis Café may
19 not Sell more than eight ounces of Medicinal Cannabis to a Customer in a single business day unless
20 the Customer provides a physician's recommendation for a greater amount. The Director may adopt
21 regulations to further limit the amount of Cannabis or Cannabis Products, including Medicinal
22 Cannabis, that may be sold to a Customer in a single business day.

23 (6) A Cannabis Café may not:

24 (A) Allow Customers on the Premises when the Cannabis Café is closed;

25 (B) Store Cannabis or Cannabis Products in any location other than on the

1 permitted Premises;

2 (C) Sell Cannabis or Cannabis Products through a drive-up window; or

3 (D) Give away or Sell pressurized containers of butane or other materials that
4 could be used in the home production of Cannabis extract.

5 (7) A Cannabis Café may accept returns of Cannabis and Cannabis Products that were
6 previously sold by the Cannabis Café, but shall not resell Cannabis or Cannabis Products that have
7 been returned. A Cannabis Café shall destroy all Cannabis and Cannabis Products that have been
8 returned or abandoned in a manner consistent with state and local law.

9 (8) A Cannabis Café must maintain an electronic age verification device to determine
10 the age of any individual attempting to enter the premises and/or purchase Cannabis or Cannabis
11 Products, which device shall be used for the Sale of the Cannabis or Cannabis Products to the
12 Customer. The device shall be maintained in operational condition and all employees shall be
13 instructed in its use. Cannabis and Cannabis Products shall not be sold to a Customer if the electronic
14 age verification device is not functioning.

15 (9) A Cannabis Café must comply with all applicable provisions of Articles 8 and
16 8A of the Health Code, and all applicable provisions of the California Retail Food Code.

17
18 **SEC. 1630. INSPECTIONS.**

19 * * * *

20 (c) The Police Department may conduct random, onsite “sting” operations on the
21 Premises of Cannabis Retailers and Cannabis Cafés to determine compliance with Section
22 1619 of this Article 16. In conducting these inspections, the Police Department may enlist the
23 assistance of persons under 21 years of age.

24 * * * *

Section 5. Article 2 of the Business and Tax Regulations Code is hereby amended by revising Section 249.20 to read as follows:

ARTICLE 2: LICENSE FEES

SEC. 249.20. CANNABIS BUSINESS PERMIT AND LICENSE FEES.

(a) Except as provided in subsection (d), the Director of the Office of Cannabis shall charge every applicant for a cannabis business permit, as set forth in Section 1607 of the Police Code, a one-time non-refundable permit application fee of \$2,000 to recover the costs incurred by the Office of Cannabis of processing the permit application. Except as provided in subsection (d), the Director shall charge an applicant for a permit amendment the hourly costs of processing that amendment, which shall include a minimum two-hour charge. The hourly rate for processing a permit amendment shall be \$110. Such costs for processing applications for permits and permit amendments shall include costs relating to services provided by the Office of the City Attorney, the Controller's Office, and such other offices as may be required to assist the Office of Cannabis in this processing function.

(b) Except as provided in subsection (d), the Director of the Office of Cannabis shall charge every person, firm, or corporation engaged in operating a cannabis business, as set forth in Section 1607 of the Police Code, a license fee of \$3,000 for the first year of operation and an annual license fee of \$5,000 for each subsequent year of operation, to recover the costs incurred by the Office of Cannabis in implementing Article 16 of the Police Code. Such costs shall include costs, if any, relating to services provided by the Office of the City Attorney, the Controller's Office, the Department of Human Resources, the Department of Technology, the Office of Contract Administration, and such other offices as may be required to assist the Office of Cannabis in this function. The annual license fee shall be paid annually on or before March 31, in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code.

1 * * * *

2 (d) The Director of the Office of Cannabis shall not charge an Equity Applicant, as
3 that term is defined in Section 1604 of the Police Code, the one-time non-refundable permit
4 application fee of \$2,000 for a cannabis business permit required by subsection (a), any fees
5 for the hourly costs of processing a permit amendment for the first year of operation required
6 by subsection (a), or the license fee of \$3,000 for the first year of operation as required by
7 subsection (b), except to the extent such fees are for a Cannabis Café permit.

8 * * * *

9
10 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
11 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
12 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
13 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
14 additions, and Board amendment deletions in accordance with the “Note” that appears under
15 the official title of the ordinance.

16
17 Section 7. Severability. If any section, subsection, sentence, clause, phrase, or word
18 of this ordinance, or any application thereof to any person or circumstance, is held to be
19 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
20 shall not affect the validity of the remaining portions or applications of the ordinance. The
21 Board of Supervisors hereby declares that it would have passed this ordinance and each and
22 every section, subsection, sentence, clause, phrase, and word not declared invalid or
23 unconstitutional without regard to whether any other portion of this ordinance or application
24 thereof would be subsequently declared invalid or unconstitutional.

1 Section 8. Effective Date. This ordinance shall become effective at 12:00 a.m. on the
2 31st day after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor
3 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,
4 or the Board of Supervisors overrides the Mayor's veto of the ordinance.

5
6 APPROVED AS TO FORM:
7 DAVID CHIU, City Attorney

8 By: /S/ Sarah Crowley
9 SARAH CROWLEY
Deputy City Attorney

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