

REVISED LEGISLATIVE DIGEST
(11/18/19)

[Police Code - Cannabis Regulation]

Ordinance amending the Police Code to, among other things, 1) create a Cannabis Nursery Permit; 2) prohibit equity applicants from applying for a Cannabis Business Permit through a cooperative; 3) clarify where in the processing order the Office will review and process Cannabis Business Permit applications from holders of Temporary Cannabis Business Permits and Medical Cannabis Dispensaries; 4) prohibit Cannabis Retailers from using business names likely to attract minors as customers or mislead the public into believing that the business is authorized to sell products to minors; 5) remove the requirement that a Cannabis Business Permit application be denied following any violation of Article 16 of the Police Code, and instead require permit denial after a refusal to remediate an Article 16 violation of which they have been notified by the Office; and 6) require Cannabis Distributors to notify the Office when they learn that Cannabis products in their possession have failed state testing standards; and affirming the Planning Department's determination under the California Environmental Quality Act.

Existing Law

Existing law does not include a San Francisco Cannabis Business Permit category for Cannabis Nursery, although existing state law includes a category of Cannabis Business License for Nursery, at Business & Professions Code Section 26050 and California Code of Regulations Title 3, Division 8, Chapter 1, Sections 8000(w) and 8201(e).

Existing law, at Section 1604(b)(3)(E) of the Police Code, allows an equity Applicant to apply for a Cannabis Business Permit as a member of a cooperative, while state law does not allow an applicant to apply for a state cannabis license as a member of a cooperative.

Existing law, at Section 1606(c) of the Police Code, does not list holders of Temporary Cannabis Business Permits or Medical Cannabis Dispensaries that fall under Section 1606(c)(5) of the Police Code under a specific priority category for Cannabis Business Permit application processing.

Existing law does not place explicit restrictions on business names that may be used by Cannabis Retailers.

Existing law, at Section 1615(d)(3) of the Police Code, requires that a Cannabis Business Permit application be denied following any failure of an Applicant to comply with Article 16.

Existing law does not require Cannabis Distributors to notify the Office if they learn that Cannabis products in their possession have failed state testing standards.

Amendments to Current Law

This ordinance would create a new Cannabis Business Permit type for Cannabis Nursery, mirroring the Nursery license category that exists under state law. The ordinance would add a definition for “Cannabis Nursery” in Section 1602 of the Police Code, and would add requirements for Cannabis Nursery Permit applicants in Section 1609(j) of the Police Code.

This ordinance would delete Section 1604(b)(3)(E) of the Police Code to remove the opportunity for equity Applicants to apply for a Cannabis Business Permit through a cooperative, in order to conform with state law governing cannabis licensing, which no longer allows applicants to apply for a state cannabis license as a member of a cooperative.

This ordinance would amend Section 1606(c)(4) of the Police Code to clarify that Cannabis Business Permit applications from both holders of Temporary Cannabis Business Permits and Medical Cannabis Dispensaries that fall under Section 1606(c)(5) of the Police Code will be processed in the fourth priority category, together with Applicants that were operating in compliance with the Compassionate Use Act of 1996 before September 1, 2016.

This ordinance would amend Sections 1609(h)(6) and 1619(c) of the Police Code to prohibit Cannabis Retailers from using business names likely to attract minors as customers or mislead the public into believing that the business is authorized to sell products to minors.

This ordinance would remove the requirement in Section 1615(d)(3) of the Police Code that a Cannabis Business Permit application be denied following any failure to comply with Article 16, and would instead require the Director of the Office of Cannabis Regulation to deny an application after an Applicant has been put on notice of an Article 16 violation by the Director and has failed to remedy the violation within a reasonable time, as determined by the Director.

This ordinance would require that Cannabis Distributors notify the Office within 48 hours or learning that Cannabis products in their possession failed state testing standards.

Background Information

The original version of this ordinance, introduced on October 1, 2019, included provisions renaming the Office of Cannabis the “Office of Cannabis Regulation,” in addition to the provisions described above. The ordinance was amended in the Rules Committee hearing on November 18, 2019, to delete the provisions renaming the Office of Cannabis.