

1 [Police, Business and Tax Regulations Codes - Event-Related Cannabis Permits - Application
2 Fee]

3 **Ordinance amending the Police Code to establish procedures for the Office of**
4 **Cannabis to issue permits authorizing cannabis sales or consumption, or both, in**
5 **connection with temporary events; amending the Business and Tax Regulations Code**
6 **to establish an application fee for such permits; and affirming the Planning**
7 **Department's determination under the California Environmental Quality Act.**

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

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

16 Section 1. The Planning Department has determined that the actions contemplated in
17 this ordinance comply with the California Environmental Quality Act (California Public
18 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
19 Board of Supervisors in File No. 190109 and is incorporated herein by reference. The Board
20 affirms this determination.

21 Section 2. Article 16 of the Police Code is hereby amended by adding Section 1621.5,
22 to read as follows:

23 **SEC. 1621.5. EVENTS.**

24 **(a) Cannabis Event Permits. In addition to the Cannabis Business Permits described**
25 **elsewhere in this Article 16, the Director may, as set forth in this Section 1621.5, issue Cannabis Event**

1 Permits authorizing sales of cannabis or cannabis products to, and/or consumption of cannabis or
2 cannabis products by, persons 21 years of age or older, in connection with temporary events. For
3 purposes of this Section, “temporary events” shall be defined consistent with California Business and
4 Professions Code Section 26200(e) and implementing regulations. Such events may be held in any
5 location approved by the Director and otherwise consistent with applicable State and City laws,
6 whether that location is on or off the Premises of a Cannabis Business.

7 (b) **Applications.** Each applicant for a Cannabis Event Permit shall file an application with
8 the Director in such form as the Director may require, and provide the Director with any requested
9 information concerning the applicant and related Persons, the proposed event, and other subjects that
10 the Director deems relevant to the proposed event. Additionally, each applicant shall pay the
11 application fee set forth in Section 249.20 of the Business and Tax Regulations Code.

12 (c) **State Approval.** A Cannabis Event Permit may be issued only to an applicant who holds
13 an Event Organizer License issued by the California Bureau of Cannabis Control, or that is otherwise
14 authorized by State law to organize temporary cannabis events.

15 (d) **Concurrence of Relevant City Departments.** Whenever any other City department,
16 office, agency, commission, or official (collectively, “City entity”) has issued a permit in connection
17 with a temporary event, or has received an application for such a permit, or otherwise has the authority
18 to issue permits necessary for a temporary event, and an applicant seeks a Cannabis Event Permit in
19 connection with that event, the Director shall consult with each such City entity before issuing any
20 Cannabis Event Permit. In each such case, the Director shall not issue a Cannabis Event Permit unless
21 each City entity determines, under the criteria it may otherwise use to grant or deny a permit in
22 connection with the proposed event (including, but not limited to, any policy adopted by the City entity
23 relating to cannabis sales and/or consumption at events) that the Cannabis Event Permit should issue,
24 except that the Director may issue a permit conditioned upon approval by other City entities pending
25 review by those other City entities.

1 (e) Discretionary Grant or Denial. Except as provided in subsections (c), (d), and (h), the
2 Director may grant or deny a Cannabis Event Permit in his or her reasonable discretion based on one
3 or more of the following findings:

4 (1) The applicant has not sufficiently established that the sale or consumption of
5 cannabis or cannabis products at the event would comply with all applicable State and City laws;

6 (2) The applicant has not sufficiently established that the sale or consumption of
7 cannabis or cannabis products at the event would be consistent with public health or public safety;

8 (3) The applicant has not sufficiently established that the sale or consumption of
9 cannabis or cannabis products at the event would not have adverse impacts on nearby neighborhoods
10 or public spaces;

11 (4) The applicant has provided materially false or incomplete information in support
12 of the application, or has otherwise engaged in conduct that gives the Director cause to doubt the
13 applicant's credibility or good faith;

14 (5) There is insufficient time to process the permit application adequately in advance
15 of the proposed event; or

16 (6) There is other good cause to deny the permit.

17 (f) Permit Conditions. Any applicant awarded a Cannabis Event Permit shall be
18 responsible for ensuring that the temporary event is conducted in compliance with all State and City
19 laws applicable to the sale and consumption of cannabis at the event. The Director may impose any
20 permit conditions that the Director deems conducive to the protection of public health and safety, the
21 mitigation of potential adverse impacts on nearby neighborhoods or public spaces, and the prevention
22 of underage or otherwise unlawful access to cannabis or cannabis products, or that otherwise would be
23 conducive to the safe, lawful, and orderly operation of the proposed event.

24 (g) Enforcement and Implementation. Any or all of the following actions may be taken in
25 conjunction with the implementation or enforcement of this Section 1621.5:

1 (1) The Director may require an event permitted under this Section 1621.5 to cause
2 any sales or consumption of cannabis or cannabis products at the event to cease or otherwise be
3 limited, without delay or within such other timeframe as the Director determines, if the Director
4 determines that such action is necessary to protect public health or safety, or to ensure compliance with
5 applicable State or City laws.

6 (2) The Director may require the holder of a Cannabis Event Permit to expel from
7 the event any participant selling cannabis or cannabis products in a manner inconsistent with
8 applicable State or City laws.

9 (3) Any violation of this Section 1621.5, or of applicable State or City laws, or of
10 any permit condition imposed pursuant to this Section, may be punished as a violation of this Article
11 16, using procedures consistent with Sections 1631 and Section 1632.

12 (4) Any violation of this Section 1621.5, of applicable State or City laws, or of any
13 permit condition imposed pursuant to this Section, may be cause for denial of any application for a
14 Cannabis Business Permit submitted by the holder of the Cannabis Event Permit or by any other party
15 responsible for the violation, for suspension or revocation of any existing Cannabis Event Permit, and
16 for suspension or revocation of any other existing permit to engage in Commercial Cannabis Activity.

17 **(h) Pilot Program.** Prior to January 1, 2020, the Director may issue Cannabis Event
18 Permits only in connection with events that meet all the following criteria:

19 (1) The event has previously been held on a regular basis;

20 (2) The event, in prior years, has received a City-issued permit; and

21 (3) At the event, in prior years, there has been significant unregulated cannabis
22 sales or consumption, which the Director determines could be reduced or eliminated at the event by the
23 issuance of a Cannabis Events Permit. Except as stated in the following paragraph, the restrictions
24 imposed by this subsection (h) on the operation of this Section 1621.5 shall become inoperative on
25 January 1, 2020.

1 The Director may extend the pilot program set forth in this subsection (h) one or more times, up
2 to December 31, 2021, such that no Cannabis Event Permit may issue except as provided under this
3 subsection (h) prior to the date the Director’s extension of the pilot program, if any, ends. The
4 Director may extend the pilot program as provided herein only upon the Director’s written
5 determination that, in light of other duties imposed on the Office of Cannabis, the Office lacks sufficient
6 resources to process additional Cannabis Event Permit applications or to otherwise effectively regulate
7 cannabis-related events.

8 (i) **Appeals to Board of Appeals.** A decision to grant, deny, suspend, or revoke a permit
9 under this Section 1621.5, or to add or remove a permit condition under this Section, may be appealed
10 to the Board of Appeals in the manner prescribed in Article 1 of the Business and Tax Regulations
11 Code.

12
13 Section 3. Article 2 of the Business and Tax Regulations Code is hereby amended by
14 revising Section 249.20, to read as follows:

15 **SEC. 249.20. CANNABIS BUSINESS PERMIT AND LICENSE FEES.**

16 * * * *

17 (g) The Director of the Office of Cannabis shall charge every applicant for a Cannabis
18 Event Permit, as set forth in Section 1621.5 of the Police Code, a one-time non-refundable permit
19 application fee, in the amount set forth below, to recover the costs incurred by the City in processing
20 applications, regulating events, and in connection with other permit-related activities. This fee may be
21 waived once for a verified Equity Applicant or Equity Operator (as defined under Police Code Section
22 1604) that operates a cannabis business as a sole proprietorship or a nonprofit, in connection with a
23 single event, but shall not be waived for any additional events. The amount of this fee shall be as
24 follows:

25 (1) For events with an estimated attendance of 500 or fewer people: \$500;

1 (2) For events with an estimated attendance of 501 –1000 people: \$1,000;

2 (3) For events with an estimated attendance of 1001-2500 people: \$1,500;

3 (4) For events with an estimated attendance of 2500 people or more: \$3,000.

4 Beginning with fiscal year2020-2021, this fee may be adjusted by the Controller each year on
5 July 1, without further action by the Board of Supervisors. Not later than April 1 of each year, the
6 Controller shall determine whether the current fee has produced or is projected to produce revenues
7 sufficient to support the costs of permit-related activities (including, but not limited to, the processing
8 of applications and the regulation of events), and that the fees will not produce revenue that is
9 significantly more than the costs of providing such services. The Controller shall, if necessary, adjust
10 the fees upward or downward for the upcoming fiscal year as appropriate to ensure that the program
11 recovers the costs of operation without producing revenue that is significantly more than such costs.
12 The adjusted fees shall become operative on July 1.

13
14 Section 4. Effective Date; Retroactivity.

15 (a) This ordinance shall become effective 30 days after enactment. Enactment
16 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
17 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
18 overrides the Mayor’s veto of the ordinance.

19 (b) If the effective date of this ordinance is after April 20, 2019, this ordinance shall
20 be retroactive to April 20, 2019.

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23 By: _____
24 MATTHEW LEE
25 Deputy City Attorney

n:\legana\as2019\1900337\01334017.docx