

BOARD of SUPERVISORS



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MEMORANDUM

TO: Barbara A. Garcia, Director, Department of Public Health

FROM:  Derek Evans, Clerk, Rules Committee
Board of Supervisors

DATE: June 21, 2017

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by the Mayor on June 6, 2017, and substituted by the Mayor on June 13, 2017, which is being referred to your department for informational purposes:

File No. 170674

Ordinance amending the Administrative Code to establish an Office of Cannabis; to authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to direct the Director of the Office of Cannabis to collect permit application and annual license fees following the enactment of a subsequent ordinance establishing the amounts of those fees.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: derek.evans@sfgov.org.

c: Greg Wagner, Department of Public Health
Colleen Chawla, Department of Public Health

1 [Administrative Code - Cannabis Regulation - Establish an Office of Cannabis]

2
3 **Ordinance amending the Administrative Code to establish an Office of Cannabis; to**
4 **authorize the Director of the Office of Cannabis to issue permits to cannabis-related**
5 **businesses; and to direct the Director of the Office of Cannabis to collect permit**
6 **application and annual license fees following the enactment of a subsequent ordinance**
7 **establishing the amounts of those fees.**

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 Administrative Code is hereby amended by adding to Chapter 2A,
17 Article XXVI, entitled "Cannabis Regulation," consisting of Sections 2A.420-2A.423, to read as
18 follows:

19 **ARTICLE XXVI: CANNABIS REGULATION**

20 **SEC. 2A.420. OFFICE OF CANNABIS.**

21 *There shall be an Office of Cannabis under the direction of the City Administrator to oversee*
22 *the implementation of laws and regulations governing cannabis in San Francisco. The City*
23 *Administrator shall appoint and may remove a Director of the Office of Cannabis. The Office of*
24 *Cannabis shall include such officers and employees as are authorized pursuant to the budgetary and*
25 *fiscal provisions of the Charter. The Director of the Office of Cannabis or his or her designee*
(hereafter referred to in this Article XXVI as "Director") shall issue, deny, condition, suspend, or

1 revoke cannabis-related permits in accordance with applicable laws and regulations. The final decision
2 of the Director regarding a permit may be appealed to the Board of Appeals in the manner prescribed
3 in Article 1 of the Business and Tax Regulations Code.

4
5 **SEC. 2A.421. APPLICATION AND ANNUAL LICENSE FEES.**

6 (a) Following the enactment of an ordinance amending this Section 2A.421 to set the amount of
7 application and license fees, the Office of Cannabis shall charge every applicant for a cannabis-related
8 permit a non-refundable permit application fee. The Office of Cannabis shall also charge every
9 business that receives a cannabis-related permit an annual license fee.

10 (b) The Office of Cannabis shall not collect any application or license fees under this Section
11 2A.421 until the Board of Supervisors enacts an ordinance establishing the amounts of those fees. No
12 later than November 1, 2017, the Director, in consultation with the Controller, shall submit to the
13 Board of Supervisors a proposed ordinance setting a schedule of permit application and annual license
14 fees. The proposed fee schedule shall be calculated to recover but not exceed the City's estimated costs
15 of application-related and licensing-related activities, including but not limited to: administration,
16 public outreach and education, development and maintenance of an online portal and application
17 system, review and processing of applications and permit renewals, complaint resolution, inspections,
18 enforcement activities, adjudication of appeals, and coordination with state agencies and other city
19 departments. In developing this fee schedule, the Director shall estimate the number of permits and
20 licenses to be issued per year, and consider any other information he or she determines appropriate in
21 making the cost estimates referenced above.

22 (c) Beginning with fiscal year 2018-2019, the permit application and annual license fees set
23 pursuant to subsection (b) of this Section 2A.421 may be adjusted each year on July 1, without further
24 action by the Board of Supervisors. Not later than April 1 of each year, the Controller shall determine
25 whether the current fees have produced or are projected to produce revenues sufficient to support the

1 costs of application-related and licensing-related activities, and that the fees will not produce revenue
2 that is significantly more than the costs of providing such services. The Controller shall, if necessary,
3 adjust the fees upward or downward for the upcoming fiscal year as appropriate to ensure that the
4 program recovers the costs of operation without producing revenue that is significantly more than such
5 costs. The adjusted rates shall become operative on July 1.

6
7 **SEC. 2A.422. OTHER CITY PERMITTING AUTHORITIES.**

8 Nothing in this Article XXVI is intended to limit or abridge the authority of the Department of
9 Public Health, the Planning Department, or any other City department, with respect to the regulation
10 of "medical cannabis dispensaries," as defined in Article 33 of the Health Code. Nor is anything in
11 this Article intended to limit or abridge the permitting, licensing, regulatory, inspection, or enforcement
12 authority of any City department or office over commercial businesses or real property.

13
14 **SEC. 2A.423. UNDERTAKING FOR THE GENERAL WELFARE.**

15 In enacting and implementing this Article XXVI, the City is assuming an undertaking only to
16 promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an
17 obligation for breach of which it is liable in money damages to any person who claims that such breach
18 proximately caused injury.

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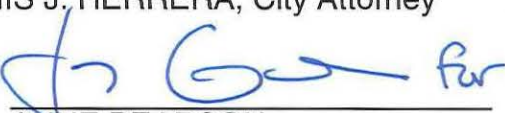
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1 Section 2. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

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

7
8 By:



9 ANNE PEARSON
Deputy City Attorney

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