1	[Police Code - Ceasing Acceptance of New Applications - Cannabis Retail Permits]			
2				
3	Ordinance amending the Police Code to provide that cannabis retail permit			
4	applications will not be accepted as of the effective date of this Ordinance; and			
5	affirming the Planning Department's determination under the California Environmental			
6	Quality Act.			
7 8	NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in <u>single-underline italics Times New Roman font</u> . Deletions to Codes are in <u>strikethrough italics Times New Roman font</u> .			
9	Board amendment additions are in double-underlined Arial font. Board amendment deletions are in strikethrough Arial font. Asterisks (* * * *) indicate the omission of unchanged Code			
10	subsections or parts of tables.			
11				
12	Be it ordained by the People of the City and County of San Francisco:			
13				
14	Section 1. The Planning Department has determined that the actions contemplated in			
15	this ordinance comply with the California Environmental Quality Act (California Public			
16	Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the			
17	Board of Supervisors in File No. 200144 and is incorporated herein by reference. The Board			
18	affirms this determination.			
19				
20	Section 2. Background, Findings, and Purpose.			
21	(a) As of February 11, 2020, the existing cannabis retail industry in San Francisco			
22	includes 37 operating Storefront Cannabis Retail businesses, 41 operating Delivery-Only			
23	Cannabis Retail businesses, no operating Microbusiness permittees, and no Medicinal			
24	Cannabis Retail businesses separate from the Storefront Cannabis Retail and Delivery-Only			
25	Cannabis Retail businesses previously listed.			

(b)	As of February 11, 2	2020, there are 145 pending applications for Storefront
Cannabis Ro	etail business permits	s, 42 pending applications for Delivery-Only Cannabis Retail
business pe	rmits, and 40 pending	g applications for Microbusiness permits (which may
authorize an	y of the full range of (Cannabis business activities covered by Article 16, including
but not limite	ed to retail activities).	. As of February 11, 2020, there were no pending
applications	for Medicinal Cannab	bis Retail permits.

- (c) Based on data from the Office of the Controller regarding profit trends among cannabis retail businesses, it appears doubtful that the San Francisco market can sustain additional Cannabis Retail businesses in a number greater than those already in the application pipeline.
- (d) In addition, new applicants for Cannabis Retail business permits slow the pace of the permitting process for earlier applicants, as limited City resources must be distributed to process pending applications. Many Equity Program applicants qualify for a reduction or waiver of permit fees, so the burden of processing additional applications must largely be borne by scarce General Fund revenues.
- (e) The Board of Supervisors finds that the above considerations warrant the City's ceasing to accept new applications for Cannabis Business Permits for retail sales including permits for Storefront Cannabis Retail, Delivery-Only Cannabis Retail, Medicinal Cannabis Retail, and retail-related Cannabis Microbusiness as of the effective date of this ordinance.

Section 3. Article 16 of the Police Code is hereby amended by revising Section 1606 to read as follows:

SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.

24 ****

1	(e) As of the effective date of the ordinance in Board File No. 200144 enacting this subsection			
2	(e), the Director shall decline to accept for processing any new applications for Cannabis Business			
3	Permits under this Article 16 in the following categories: Cannabis Retailer, Storefront Cannabis			
4	Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness			
5	(to the extent relating to retail activity).			
6				
7	Section 4. Effective Date. This ordinance shall become effective 30 days after			
8	enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the			
9	ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board			
10	of Supervisors overrides the Mayor's veto of the ordinance.			
11				
12	Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors			
13	intends to amend only those words, phrases, paragraphs, subsections, sections, articles,			
14	numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal			
15	Code that are explicitly shown in this ordinance as additions, deletions, Board amendment			
16	additions, and Board amendment deletions in accordance with the "Note" that appears under			
17	the official title of the ordinance.			
18				
19	APPROVED AS TO FORM:			
20	DENNIS J. HERRERA, City Attorney			
21	By: <u>/s/</u> SARAH CROWLEY			
22	Deputy City Attorney			
23	n:\legana\as2020\2000113\01427111.docx			
24				
25				