

1 [Business and Tax Regulations, Health Codes - Permit, License and Inspection Fees for  
2 Cannabis Businesses]

3 **Ordinance amending the Business and Tax Regulations and Health Codes to require**  
4 **the Director of the Office of Cannabis to collect permit application fees of \$2,000 and**  
5 **annual license fees of \$5,000 for cannabis business permits; authorize the Department**  
6 **of Public Health to impose fees relating to the inspection of cannabis businesses; and**  
7 **establish annual license fees for cannabis consumption permits; and require the**  
8 **Director of the Office of Cannabis and the Department of Public Health to waive certain**  
9 **fees for Equity Applicants.**

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

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

18 Section 1. The Business and Tax Regulations Code is hereby amended by revising  
19 Section 249.20, to read as follows:

20 **SEC. 249.20. ~~MEDICAL CANNABIS DISPENSARY LICENSE FEE~~ CANNABIS**  
21 **BUSINESS PERMIT AND LICENSE FEES.**

22 (a) Except as provided in subsection (e), the The Director of the Office of Cannabis shall  
23 charge every applicant for a cannabis business permit, as set forth in Section 1607 of the Police Code,  
24 a one-time non-refundable permit application fee of \$2,000 to recover the costs incurred by the Office  
25 of Cannabis of processing the permit application. Except as provided in subsection (e), the The

1 Director shall charge an applicant for a permit amendment the hourly costs of processing that  
 2 amendment, which shall include a minimum two hour charge. The hourly rate for processing a permit  
 3 amendment shall be \$110. Such costs for processing applications for permits and permit amendments  
 4 shall include costs relating to services provided by the Office of the City Attorney, the Controller's  
 5 Office, and such other offices as may be required to assist the Office of Cannabis in this function.

6 (b) Except as provided in subsection (e), the The Director of the Office of Cannabis shall  
 7 charge every Every person, firm or corporation engaged in operating a medical  
 8 cannabisdispensary business, as set forth in Section 1607 of the Police Code, shall pay an annual a  
 9 license fee of \$3,000 for the first year of operation and an annual license fee of \$3,9195,000.00 to the  
 10 Tax Collector for each subsequent year of operation, to recover the costs of annual inspections,  
 11 enforcement and other costs to the City. incurred by the Office of Cannabis in implementing Article 16  
 12 of the Police Code. Such costs shall include costs, if any, relating to services provided by the Office of  
 13 the City Attorney, the Controller's Office, the Department of Human Resources, the Department of  
 14 Technology, the Office of Contract Administration, and such other offices as may be required to assist  
 15 the Office of Cannabis in this function. The annual license fee shall be paid annually on or before  
 16 March 31, in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code.

17 (c) Except as provided in subsection (f), Every every business that applies for or is  
 18 awarded a cannabis business permit from the Office of Cannabis, as set forth in Article 16 of the Police  
 19 Code, shall pay the following fees to the Department of Public Health to cover that Department's costs  
 20 in conducting initial and ongoing inspections of cannabis businesses.

<u>Cannabis Permit Type</u>	<u>Inspection Type</u>	<u>Fee Amount</u>
<u>Cannabis Cultivation Facility</u>	<u>Plan check upon application</u>	<u>\$3,700, which amount may be waived or reduced by the Department of Public Health if the facility is not new or requires no construction.</u>

	<u>Initial and annual inspection based on size of premises:</u> <u>Under 5,001 sq. feet</u> <u>5,001-10,000 sq. feet</u> <u>10,001-20,000 sq. feet</u> <u>Over 20,000 sq. feet</u>	<u>\$1,000</u> <u>\$1,500</u> <u>\$2,000</u> <u>\$2,500</u>
<u>Cannabis Manufacturing Facility and Cannabis Distributor</u>	<u>Plan check upon application</u>  <u>Initial inspection upon application and annual inspection fee</u>	<u>\$3,700, which amount may be waived or reduced by the Department of Public Health if the facility is not new or requires no construction.</u>  <u>\$735</u>
<u>Cannabis Retailer, Medicinal Cannabis Retailer and Delivery-Only Cannabis Retailer</u>	<u>Initial inspection upon application and annual inspection based on the size of the premises:</u> <u>Under 5,001 sq. feet</u> <u>5,001-10,000 sq. feet</u> <u>10,001-20,000 sq. feet</u> <u>Over 20,000 sq. feet</u>	<u>\$600</u> <u>\$900</u> <u>\$1,300</u> <u>\$1,500</u>
<u>Cannabis Microbusiness</u>	<u>Plan check upon application</u>  <u>Initial inspection upon application and annual inspection based on the size of the premises:</u> <u>Under 5,001 sq. feet</u> <u>5,001-10,000 sq. feet</u> <u>10,001-20,000 sq. feet</u> <u>Over 20,000 sq. feet</u>	<u>\$3,700, which amount may be waived or reduced by the Department of Public Health if the facility is not new or requires no construction.</u>  <u>\$1,300</u> <u>\$2,000</u> <u>\$2,700</u> <u>\$3,400</u>
<u>All permit categories</u>	<u>Hourly rate for additional work as needed</u>	<u>\$191/hour</u>

(d) Beginning with fiscal year 2018-2019, the permit application fee, annual license fees, and inspection fees set pursuant to subsections (a)-(c) of this Section 249.20 may be adjusted each year on July 1, without further action by the Board of Supervisors. Not later than April 1 of each year, the

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

7 (e) The Director of the Office of Cannabis shall not charge an Equity Applicant, as that  
8 term is defined in Section 1604 of the Police Code, the one-time non-refundable permit  
9 application fee of \$2,000 for a cannabis business permit required by subsection (a), any fees  
10 for the hourly costs of processing a permit amendment for the first year of operation required  
11 by subsection (a), or the license fee of \$3,000 for the first year of operation as required by  
12 subsection (b).

13 (f) An Equity Applicant, as that term is defined in Section 1604 of the Police Code,  
14 shall not be required to pay to the Department of Public Health any initial inspection fees  
15 required by subsection (c).

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17 Section 2. The Health Code shall be amended by revising Section 8A.5, to read as  
18 follows:

19 **SEC. 8A.5. PAYMENT OF ANNUAL LICENSE FEE.**

20 (a) The license fee for a Cannabis Consumption Permit shall be paid annually on or  
21 before March 31, in accordance with the provisions of Section 76.1 of the Business and Tax  
22 Regulations Code.

23 (b) The annual license fee for a “Prepackaged Cannabis Products - No Preparation” Cannabis  
24 Consumption Permit shall be \$800.

1           (c) The annual license fee for a “Limited Preparation of Cannabis Products” Cannabis  
2 Consumption Permit shall be \$1,000.

3           (d) Beginning with fiscal year 2018-2019, the annual license fees set pursuant to this Section  
4 8A.5 may be adjusted each year on July 1, without further action by the Board of Supervisors. Not  
5 later than April 1 of each year, the Controller shall determine whether the current fees have produced  
6 or are projected to produce revenues sufficient to support the costs of licensing-related activities, and  
7 that the fees will not produce revenue that is significantly more than the costs of providing such  
8 services. The Controller shall, if necessary, adjust the fees upward or downward for the upcoming  
9 fiscal year as appropriate to ensure that the program recovers the costs of operation without producing  
10 revenue that is significantly more than such costs. The adjusted rates shall become operative on July 1.

11           Section 3. Effective and Operative Dates.

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

16           (b) This ordinance shall become operative on its effective date or on the date that the  
17 ordinance in Board File No. 171042 becomes operative, whichever is later.

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19           Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
20 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
21 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
22 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
23 additions, and Board amendment deletions in accordance with the “Note” that appears under  
24 the official title of the ordinance.

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

3 By: \_\_\_\_\_  
4 JANA CLARK  
5 Deputy City Attorney

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