

1 [Police Code - Ceasing Acceptance of New Applications for Cannabis Retail Permits]

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3 **Ordinance amending the Police Code to provide that cannabis retail permit**
4 **applications will not be accepted by the Office of Cannabis ~~of~~ during the period**
5 **between the effective date of this ordinance and December 31, 2027; and affirming the**
6 **Planning Department’s determination under the California Environmental Quality Act.**

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

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

15 Section 1. The Planning Department has determined that the actions contemplated in
16 this ordinance comply with the California Environmental Quality Act (California Public
17 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
18 Board of Supervisors in File No. 200144 and is incorporated herein by reference. The Board
19 affirms this determination.

20 Section 2. Background, Findings, and Purpose.

21 (a) As of ~~February 11, 2020~~ May 9, 2023, the existing cannabis retail industry in San
22 Francisco includes ~~3765~~ operating Storefront Cannabis Retail businesses, ~~4115~~ operating
23 Delivery-Only Cannabis Retail businesses, no operating Microbusiness permittees, and no
24 Medicinal Cannabis Retail businesses separate from the Storefront Cannabis Retail and
25 Delivery-Only Cannabis Retail businesses previously listed.

1 (b) As of ~~February 11, 2020~~May 9, 2023, there are ~~145~~63 pending applications for
2 Storefront Cannabis Retail business permits, ~~42~~9 pending applications for Delivery-Only
3 Cannabis Retail business permits, and ~~40~~28 pending applications for Microbusiness permits
4 ~~(which may authorize any of the full range of Cannabis business activities covered by Article~~
5 ~~16, including but not limited to retail activities)~~that include retail activities. As of ~~February 11,~~
6 ~~2020~~May 9, 2023, there were ~~no~~32 pending applications for existing Medicinal Cannabis
7 Retail permitspermit conversion from Article 33 of the San Francisco Health Code to Article 16
8 of the San Francisco Police Code.

9 (c) Based on data from the Office of the Controller regarding profit trends among
10 cannabis retail businesses, it appears doubtful that the San Francisco market can sustain
11 additional Cannabis Retail businesses in a number greater than those already in the
12 application pipeline.

13 (d) In addition, new applicants for Cannabis Retail business permits slow the pace
14 of the permitting process for earlier applicants, as limited City resources must be distributed to
15 process pending applications. Many Equity Program applicants qualify for a reduction or
16 waiver of permit fees, so the burden of processing additional applications must largely be
17 borne by scarce General Fund revenues.

18 (e) The Board of Supervisors finds that the above considerations warrant the City's
19 ceasing to accept new applications for Cannabis Business Permits for retail sales – including
20 permits for Storefront Cannabis Retail, Delivery-Only Cannabis Retail, Medicinal Cannabis
21 Retail, and retail-related Cannabis Microbusiness – as of the effective date of this ordinance.

22
23 Section 3. Article 16 of the Police Code is hereby amended by revising Section 1606
24 to read as follows:

25 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

1 * * * *

2 (e) As of the effective date of the ordinance in Board File No. 200144 enacting this subsection
3 (e), the Director shall decline to accept for processing any new applications for Cannabis Business
4 Permits under this Article 16 in the following categories: Cannabis Retailer, Storefront Cannabis
5 Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness
6 (to the extent relating to retail activity). No later than June 30, 2027, the Controller shall submit
7 to the Board of Supervisors a report that analyzes various impacts of the moratorium on new
8 applications for retail-related Cannabis Business Permits, including its financial impacts on the
9 City and the City’s cannabis industry, operational impacts on the Office of Cannabis, and
10 impacts on City neighborhoods.

11
12 Section 4. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor’s veto of the ordinance.

16
17 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
19 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
20 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
21 additions, and Board amendment deletions in accordance with the “Note” that appears under
22 the official title of the ordinance.

1 Section. 6. Sunset Date. This ordinance shall expire by operation of law on December
2 31, 2027. Upon expiration of this ordinance, the City Attorney shall cause subsection (e) of
3 Section 1606 to be removed from the Police Code.

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5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7 By: _____/s/
8 SARAH CROWLEY
9 Deputy City Attorney

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