

1 [Police Code - Cannabis Regulation]

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3 **Ordinance amending the Police Code to allow holders of temporary cannabis business**
4 **permits to transfer an aggregate ownership interest of 50% or more in the business to**
5 **persons that were not owners at the time the temporary permit was issued so long as**
6 **five years or more have passed since the Office of Cannabis Director first**
7 **acknowledged receipt of the business’s application for a temporary cannabis business**
8 **permit, regardless of whether the business has received a permanent cannabis**
9 **business permit.**

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:

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19 Section 1. Article 16 of the Police Code is hereby amended by revising Section 1608,
20 to read as follows:

21 **SEC. 1608. TRANSFER OF PERMIT; PORTABILITY OF PERMIT; SALE OF CANNABIS**
22 **BUSINESS; CHANGE IN OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.**

23 * * * *

24 (c) **Ownership; Changes in Ownership; Changes in Form or Structure.**

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(5) Notwithstanding any other provision of this subsection (c), prior to the award of a
~~permanent~~ Cannabis Business Permit, permanent or temporary, and for five years following

1 the date on which the Director ~~has acknowledged~~ ~~acknowledges~~ receipt of an application for a
2 Cannabis Business Permit ~~from a particular Applicant or Permittee~~, an aggregate ownership
3 interest of 50% or more in ~~a that Applicant or~~ Permittee may not be transferred to any Person
4 or combination of Persons who were not Owners of the Permittee at the time that a Cannabis
5 Business Permit was first awarded to that Applicant or Permittee under this Article 16. ~~This~~
6 ~~restriction shall be cumulative, as to each Permittee, across any permits (whether temporary or~~
7 ~~permanent) issued under this Article 16. Nothing in this subsection (c)(5) shall prohibit a holder of a~~
8 Temporary Cannabis Business Permit from transferring an aggregate ownership interest of 50% or
9 more in the Permittee prior to the award of a permanent Cannabis Business Permit to that Permittee
10 after five years have passed from the earliest date on which the Director acknowledged receipt of an
11 application for a Cannabis Business Permit, whether temporary or permanent, from that Permittee. In
12 the event that, prior to the award of a ~~permanent~~ Cannabis Business Permit or ~~within~~ prior to
13 five years ~~from~~ after the date on which the Director ~~acknowledges~~ acknowledged receipt of the
14 application for ~~the relevant a~~ Cannabis Business Permit from that Permittee, an aggregate
15 ownership interest of 50% or more in a Permittee is transferred to any Person or combination
16 of Persons who were not Owners of the Permittee at the time that a Cannabis Business
17 Permit was awarded, in violation of this subsection (c)(5), and the Permittee fails to undo the
18 prohibited ownership transfer within six months of receiving notification of such violation from the
19 Director, the Permittee shall promptly surrender the permit to the Director. This restriction shall
20 not apply to any testamentary or intestate transfer of ownership triggered by an Owner's
21 death. This obligation is not dependent on the Director's requesting the surrender, but arises
22 by operation of law ~~on~~ six months following notice from the Director that the sale of the Cannabis
23 Business has violated the transfer restriction in this subsection (c)(5). If the Permittee fails to
24 surrender the permit to the Director, the Director may, after giving the Permittee notice by mail
25 and electronically of the proposed action and an opportunity to respond, revoke the permit.

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

Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the “Note” that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Sarah Crowley
SARAH CROWLEY
Deputy City Attorney

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