File No. 230162 **Committee Item No.** 3
Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Public Safety and Ngbh Services **Date:** March 9, 2023
Board of Supervisors Meeting: **Date:** April 4, 2023

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Prepared by: John Carroll **Date:** March 3, 2023
Prepared by: John Carroll **Date:** March 17, 2023
Prepared by: **Date:**

[Police Code - Cannabis Regulation]

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

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

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

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

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

* * * *

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

* * * *

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

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

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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FILE NO. 230162

LEGISLATIVE DIGEST

[Police Code - Cannabis Regulation]

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

Existing Law

Existing law prohibits holders of Temporary Cannabis Business Permits from transferring an aggregate ownership interest of 50% or more in the business to any person or combination of persons that were not owners at the time the Temporary Cannabis Business Permit was awarded until after the business has received a permanent Cannabis Business Permit. In contrast, existing law does not restrict ownership transfers by Medical Cannabis Dispensaries and other applicants for permanent Cannabis Business Permits that do not hold Temporary Cannabis Business Permits prior to those businesses' receipt of a permanent Cannabis Business Permit.

Amendments to Current Law

This ordinance would allow holders of Temporary Cannabis Business Permits to transfer an aggregate ownership interest of 50% or more in the business to a person or combination of persons that were not owners at the time the Temporary Cannabis Business Permit was awarded prior to the business's receipt of a permanent Cannabis Business Permit, after five years have passed since the Office of Cannabis Director's receipt of the business's earliest application for a Cannabis Business Permit, whether temporary or permanent.

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BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

M E M O R A N D U M

TO: Nikesh Patel, Director, Office of Cannabis
William Scott, Police Chief

FROM: John Carroll, Assistant Clerk, Public Safety and Neighborhood Services Committee, Board of Supervisors

DATE: February 17, 2023

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Public Safety and Neighborhood Services Committee has received the following proposed legislation, introduced by Supervisor Mandelman on February 14, 2023:

File No. 230162

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

If you have any 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.

C:
Offices of Chair Stefani and Supervisor Mandelman
Jeremy Schwartz, Office of Cannabis
Ray Law, Office of Cannabis
Lisa Ortiz, Police Department
Lili Gamero, Police Department
Rima Malouf, Police Department
Diana Oliva-Aroche, Police Department

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M E M O R A N D U M

TO: Katy Tang, Director
Small Business Commission, City Hall, Room 448

FROM: John Carroll, Assistant Clerk, Public Safety and Neighborhood Services Committee, Board of Supervisors

DATE: February 17, 2023

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Public Safety and Neighborhood Services Committee

The Board of Supervisors' Public Safety and Neighborhood Services Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 230162 [Police Code - Cannabis Regulation]

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

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.

****

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

____ **No Comment**

____ **Recommendation Attached**

_____

Chairperson, Small Business Commission

C: Offices of Chair Stefani and Supervisor Mandelman

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2023 FEB 14 PM 12:17
BY: Time stamp or meeting date

I hereby submit the following item for introduction (select only one):

- [x] 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- [ ] 2. Request for next printed agenda Without Reference to Committee.
- [ ] 3. Request for hearing on a subject matter at Committee.
- [ ] 4. Request for letter beginning :"Supervisor _____ inquiries"
- [ ] 5. City Attorney Request.
- [ ] 6. Call File No. _____ from Committee.
- [ ] 7. Budget Analyst request (attached written motion).
- [ ] 8. Substitute Legislation File No. _____
- [ ] 9. Reactivate File No. _____
- [ ] 10. Topic submitted for Mayoral Appearance before the BOS on _____

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- [ ] Small Business Commission
- [ ] Youth Commission
- [ ] Ethics Commission
- [ ] Planning Commission
- [ ] Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Mandelman

Subject:

[Police Code - Cannabis Regulation]

The text is listed:

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

Signature of Sponsoring Supervisor: _____

For Clerk's Use Only