REVISED LEGISLATIVE DIGEST

(Amended in Committee – June 29, 2026)

[Various Codes - Cannabis Cafés]

Ordinance amending the Health, Planning, Police, and Business and Tax Regulations Codes to establish a new permit type for cannabis cafés to be administered by the Office of Cannabis that will authorize the permittee to sell cannabis and cannabis products only for consumption on the premises of the café; exempt cannabis cafés from the prohibition on smoking in business establishments; eliminate the prohibition on establishments with a cannabis consumption permit requiring employees to enter a designated smoking room as a condition of employment; exempt cannabis cafés in certain circumstances from the 600-foot buffer rule that applies to cannabis retail establishments; restrict eligibility for cannabis café permits for one year to businesses that currently hold a cannabis storefront retailer permit or that have the same owners as such a business; require Equity Applicants that apply for a cannabis café permit to pay the $2,000 application fee, any permit amendment processing costs, and the $3,000 license fee for the first year of operation, associated with the cannabis café permit; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1; and making public necessity, convenience, and welfare findings under Planning Code, Section 302.

Existing Law

Current law does not include a distinct permit category for cannabis cafés.

Current law does not clearly exempt cannabis cafés from the ban on smoking in enclosed spaces.

Current law prohibits an establishment with a cannabis consumption permit from requiring employees to enter a designated smoking room as a condition of their employment.

Current law generally prohibits approval of a cannabis retail establishment that would be located within 600 feet of another retail establishment (the "600 foot buffer rule").

Current law exempts equity applicants for cannabis business permits from paying the one-time permit application fee of $2,000, any fees for the hourly costs of processing a permit amendment for the first year of operation, and the license fee of $3,000 for the first year of operation.

Amendments to Current Law

The proposed ordinance would create a permit for cannabis cafés, to be administered by the Office of Cannabis.

The proposed ordinance would, for one year following its effective date, limit eligibility for cannabis café permits to businesses that either currently hold a storefront cannabis retailer permit or share all of the same owners as a business that currently holds a storefront cannabis retailer permit.

The proposed ordinance would prohibit issuance of a cannabis café permit to an applicant if an individual holding a legal or beneficial interest in that applicant already holds a legal or beneficial interest in four or more businesses that either hold valid cannabis café permits or have pending applications for cannabis café permits.

The proposed ordinance would expressly exempt cannabis cafés from the ban on smoking in enclosed spaces.

The proposed ordinance would eliminate the prohibition on establishments with cannabis consumption permits requiring employees to enter a designated smoking room as a condition of their employment.

The proposed ordinance would add an exception to the 600 foot buffer rule for a cannabis café that is located within 600 feet of a storefront cannabis retailer that shares all of the same owners as the cannabis café, so long as no other cannabis cafés sharing all of the same owners are already located within 600 feet of the storefront cannabis retailer.

The proposed ordinance would require equity applicants that receive a cannabis café permit to pay the standard one-time permit application fee of $2,000, fees for the hourly costs of processing a permit amendment for the first year of operation, and the license fee of $3,000 for the first year of operation.

Background Information

Amendments introduced at the Land Use and Transportation Committee on June 29, 2026, made clarifying edits in the Planning Code and Police Code sections of the ordinance, and added to the Police Code as an operational requirement for cannabis café permittees that they comply with all applicable provisions of Articles 8 and 8A of the Health Code, and of the California Retail Food Code.

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