

1 [Administrative Code - Cannabis Regulation - Establish an Office of Cannabis]

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3 **Ordinance amending the Administrative Code to establish an Office of Cannabis; to**  
4 **authorize the Director of the Office of Cannabis to issue permits to cannabis-related**  
5 **businesses; and to delegate to the Director of the Office of Cannabis the authority to**  
6 **establish permit application and annual license fees, subject to approval by the**  
7 **Controller.**

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

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

16 Section 1. The Administrative Code is hereby amended by adding to Chapter 2A,  
17 Article XXVI, entitled "Cannabis Regulation," consisting of Sections 2A.420-2A.423, to read as  
18 follows:

19 **ARTICLE XXVI: CANNABIS REGULATION**

20 **SEC. 2A.420. OFFICE OF CANNABIS.**

21 *There shall be an Office of Cannabis under the direction of the City Administrator to oversee*  
22 *the implementation of laws and regulations governing cannabis in San Francisco. The City*  
23 *Administrator shall appoint and may remove a Director of the Office of Cannabis. The Office of*  
24 *Cannabis shall include such officers and employees as are authorized pursuant to the budgetary and*  
25 *fiscal provisions of the Charter. The Director of the Office of Cannabis or his or her designee*  
*(hereafter referred to in this Article XXVI as "Director") shall issue, deny, condition, suspend, or*

1 revoke cannabis-related permits in accordance with applicable laws and regulations. The final decision  
2 of the Director regarding a permit may be appealed to the Board of Appeals in the manner prescribed  
3 in Article 1 of the Business and Tax Regulations Code.

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5 **SEC. 2A.421. APPLICATION AND ANNUAL LICENSE FEES.**

6 (a) Beginning January 1, 2018, the Office of Cannabis shall charge every applicant for a  
7 cannabis-related permit a non-refundable permit application fee. The Office of Cannabis shall also  
8 charge every business that receives a cannabis-related permit an annual license fee.

9 (b) No later than December 1, 2017, the Director shall propose a schedule of permit  
10 application and annual license fees to the Controller, which shall be calculated to recover but not  
11 exceed the City's estimated costs of application-related and licensing-related activities, including but  
12 not limited to: administration, public outreach and education, development and maintenance of an  
13 online portal and application system, review and processing of applications and permit renewals,  
14 complaint resolution, inspections, enforcement activities, adjudication of appeals, and coordination  
15 with state agencies and other city departments. In developing this fee schedule, the Director shall  
16 estimate the number of permits and licenses to be issued per year, and consider any other information  
17 he or she determines appropriate in making the cost estimates referenced above. Within 30 days of  
18 receipt of the proposed schedule of fees, the Controller shall confirm that the fees set by the Director do  
19 not exceed the actual costs to the City, or shall make changes to the proposed fee schedule to reflect  
20 actual costs. The fees shall become final upon approval by the Controller.

21 (c) Beginning with fiscal year 2018-2019, the permit application and annual license fees set  
22 pursuant to subsection (b) of this Section 2A.421 may be adjusted each year on July 1, without further  
23 action by the Board of Supervisors. Not later than April 1 of each year, the Controller shall determine  
24 whether the current fees have produced or are projected to produce revenues sufficient to support the  
25 costs of application-related and licensing-related activities, and that the fees will not produce revenue

1 that is significantly more than the costs of providing such services. The Controller shall, if necessary,  
2 adjust the fees upward or downward for the upcoming fiscal year as appropriate to ensure that the  
3 program recovers the costs of operation without producing revenue that is significantly more than such  
4 costs. The adjusted rates shall become operative on July 1.

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6 **SEC. 2A.422. OTHER CITY PERMITTING AUTHORITIES.**

7 Nothing in this Article XXVI is intended to limit or abridge the authority of the Department of  
8 Public Health, the Planning Department, or any other City department, with respect to the regulation  
9 of “medical cannabis dispensaries,” as defined in Article 33 of the Health Code. Nor is anything in  
10 this Article intended to limit or abridge the permitting, licensing, regulatory, inspection, or enforcement  
11 authority of any City department or office over commercial businesses or real property.

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13 **SEC. 2A.423. UNDERTAKING FOR THE GENERAL WELFARE.**

14 In enacting and implementing this Article XXVI, the City is assuming an undertaking only to  
15 promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an  
16 obligation for breach of which it is liable in money damages to any person who claims that such breach  
17 proximately caused injury.

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

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6 APPROVED AS TO FORM:  
7 DENNIS J. HERRERA, City Attorney

8 By: \_\_\_\_\_  
9 ANNE PEARSON  
Deputy City Attorney

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