

## LEGISLATIVE DIGEST

[Administrative Code - Establishing an Office of Cannabis and Extending the Term of the Cannabis State Legalization Task Force]

**Ordinance amending the Administrative Code to establish an Office of Cannabis; to authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; to direct the Director of the Office of Cannabis to collect permit application and annual license fees following the enactment of a subsequent ordinance establishing the amounts of those fees; and to extend the term of the Cannabis State Legalization Task Force.**

### Existing Law

On November 8, 2016, the voters of the State of California approved Proposition 64, enacting the Control, Regulate and Tax Adult Use of Marijuana Act (“AUMA”). AUMA legalizes the non-medical use of cannabis by adults, and creates a state regulatory and licensing system governing the commercial cultivation, testing, distribution, and sale of non-medical cannabis, and the manufacture of non-medical cannabis products.

Under Proposition 64, localities retain authority to regulate the non-medical cannabis industry, including but not limited to the authority to prohibit commercial activities relating to non-medical cannabis entirely, or to authorize such activities, and impose licensing requirements and land use restrictions.

Article 33 of the San Francisco Health Code regulates medical cannabis, and authorizes the San Francisco Department of Public Health to oversee the permitting of medical cannabis dispensaries. Currently, there is no City law that regulates non-medical cannabis, or that authorizes any department or commission to oversee the permitting of businesses that engage in commercial activities relating to non-medical cannabis.

In 2015, San Francisco established via Chapter 5, Article II of the Administrative Code a Cannabis State Legalization Task Force with a two-year lifespan to advise City policymakers on local policy questions arising from the potential state legalization of cannabis.

### Amendments to Current Law

This ordinance will create an Office of Cannabis under the direction of the City Administrator. The City Administrator will appoint a Director of the Office of Cannabis. The Director or his or her designee shall oversee the implementation of laws and regulations relating to cannabis, impose conditions on the issuance or renewal of cannabis permits, and coordinate with other City departments as necessary. The ordinance would require the new Office to consider the perspectives of communities that have been disproportionately impacted by federal drug enforcement policies. The ordinance would also require the new

Office to prepare reports by November 1, 2017 evaluating disparities in the cannabis industry and making proposals regarding policy options to ensure equitable access to the industry, investments in disenfranchised communities, and continued access to medical cannabis.

The ordinance also authorizes the Director of Cannabis to charge permit application and annual license fees sufficient to recover the City's application-related and licensing-related activities. But the Director could not collect any application or license fees until the Board of Supervisors enacts an ordinance establishing the amounts of those fees. The ordinance would require the Director to consult with the Controller and submit to the Board of Supervisors a proposed ordinance setting a schedule of permit application and annual license fees by November 1, 2017.

The proposal specifies that it does not intend to limit or abridge the other City departments to regulate commercial businesses or real property in San Francisco.

Finally, the proposal would extend the term of the Cannabis State Legalization Task Force from its current expiry through December 31, 2018, and extend the terms of current members until such date.

#### Background

This legislative digest reflects amendments adopted in a duplicated file at the Board of Supervisors meeting on July 25, 2017.

The initial version of this ordinance was first introduced at the Board of Supervisors meeting on March 14, 2017, and a substitute version was introduced at the Board of Supervisors meeting on June 6, 2017. The substitute ordinance was amended at the Rules Committee meetings on July 12 and 18, 2017, and at the Board of Supervisors meeting on July 18, 2017, and finally passed the Board on July 25, 2017.

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