

BOARD of SUPERVISORS



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MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448

FROM: *ll*
ll Alisa Somera, Deputy Director
Rules Committee

DATE: October 4, 2017

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Rules Committee

The Board of Supervisors' Rules 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. 171042

Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as

authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

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, CA 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

No Comment

Recommendation Attached

Chairperson, Small Business Commission

c: Menaka Mahajan, Small Business Commission

1 [Various Codes - Regulation of Cannabis Businesses]

2

3 **Ordinance amending the Administrative, Business and Tax Regulations, Health, and**

4 **Police Codes to comprehensively regulate commercial activities relating to the**

5 **cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult**

6 **use cannabis by, among other things: 1) requiring businesses that engage in**

7 **commercial cannabis activities to obtain a permit from the Office of Cannabis; 2)**

8 **requiring the Director of the Office of Cannabis to establish an Equity Program to**

9 **promote equitable ownership and employment opportunities in the cannabis industry;**

10 **3) defining eligibility for temporary and permanent cannabis business permits; 4)**

11 **establishing priorities for the review of cannabis business permit applications; 5)**

12 **establishing operating standards for cannabis businesses; 6) establishing criteria for**

13 **granting, denying, suspending, and revoking cannabis business permits; 7)**

14 **incorporating state law governing commercial cannabis activities into local law for**

15 **enforcement purposes; 8) authorizing the imposition of fines and penalties for violation**

16 **of local and state laws governing cannabis businesses, and establishing procedures**

17 **by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the**

18 **smoking and vaping of cannabis on the premises of all cannabis businesses, except**

19 **select Medicinal Cannabis Retailers, as authorized by the Department of Public Health;**

20 **10) prohibiting the consumption of cannabis and cannabis products, other than by**

21 **smoking or vaping, on the premises of all cannabis businesses, except Storefront**

22 **Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits**

23 **from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of**

24 **cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing**

25 **the Director of Cannabis to extend the prohibition on tours, or establish guidelines for**

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2 the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33
3 of the Health Code (“Medical Cannabis Act”); and 13) eliminating the duty of the Clerk
4 of the Board of Supervisors to send letters annually to state and federal officials
5 requesting that cannabis be regulated and taxed; and affirming the Planning
6 Department’s determination under the California Environmental Quality Act.

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

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

15 Section 1. The Planning Department has determined that the actions contemplated in
16 this ordinance comply with the California Environmental Quality Act (California Public
17 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
18 Board of Supervisors in File No. ___ and is incorporated herein by reference. The Board
19 affirms this determination.

20 Section 2. The Police Code is hereby amended by adding Article 16, Sections 1600 to
21 1638, to read as follows:

22 **ARTICLE 16: REGULATION OF CANNABIS**

23 **SEC. 1600. FINDINGS AND PURPOSE.**

24 (a) In 1996, the voters of California approved Proposition 215, The Compassionate Use Act,
25 allowing persons in need of marijuana for specified medical purposes to obtain and use marijuana.

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2 (b) In 2001, the City adopted Resolution No. 955-01, declaring San Francisco to be a
3 “sanctuary for medical cannabis.” In 2005, the City enacted Ordinance No. 275-05, Health Code
4 Article 33, known as the Medical Cannabis Act, which implemented a local regulatory scheme for
5 Medical Cannabis Dispensaries operating in San Francisco.

6 (c) In 2006, the City enacted Ordinance No. 297-06, Administrative Code Chapter 96B, making
7 marijuana offenses by adults the lowest law enforcement priority in San Francisco.

8 (d) On August 29, 2013, in response to the number of states seeking to legalize cannabis, the
9 United States Department of Justice issued a memorandum known as the Cole Memo, outlining federal
10 marijuana enforcement priorities and specifying that the federal government would continue to rely on
11 states and local law enforcement agencies to address marijuana activity through enforcement of their
12 own narcotics laws.

13 (e) The federal law enforcement priorities articulated in the Cole Memo align with many of San
14 Francisco’s priorities including: preventing the distribution of cannabis to minors; preventing
15 cannabis sales revenue from going to criminal enterprises, gangs, and cartels; preventing the diversion
16 of cannabis from states where it is legal to other states; preventing state-authorized cannabis activity
17 from being used as a cover or pretext for the trafficking of other illicit drugs or activity; preventing
18 violence and use of firearms in the cultivation and distribution of cannabis; preventing drugged driving
19 and the exacerbation of other adverse public health consequences associated with cannabis use;
20 preventing the cultivation of cannabis on public lands and the attendant public safety and
21 environmental dangers posed by cannabis production on public lands; and preventing cannabis
22 possession or use on federal property.

23 (f) On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation
24 and Safety Act (“MMRSA”), effective January 1, 2016, which established a comprehensive state
25 licensing and regulatory framework for the cultivation, manufacturing, testing, distribution.

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2 transportation, dispensing, and delivery of medicinal cannabis, and which recognized the authority of
3 local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to
4 medicinal cannabis. On June 27, 2016, Governor Brown signed into law Senate Bill number 837,
5 which amended MMRSA and renamed it the Medical Cannabis Regulation and Safety Act ("MCRSA").

6 (g) On November 8, 2016, the voters of California approved Proposition 64, the Control,
7 Regulate, and Tax Adult Use of Marijuana Act (AUMA), which legalized the nonmedicinal use of
8 cannabis for adults 21 years of age and older, created a state regulatory, licensing, and taxation system
9 for non-medicinal cannabis businesses, and reduced penalties for cannabis-related crimes. San
10 Francisco voters approved Proposition 64 at a rate of 74.3%, compared to 57.1% in the state overall.

11 (h) On November 9, 2016, Mayor Lee issued Executive Directive 16-05, entitled "Implementing
12 Prop 64: Adult Use of Marijuana Act," directing the Directors of Planning and Public Health, in
13 collaboration with the San Francisco Cannabis State Legalization Task Force and other stakeholders,
14 to lead the process of drafting the legislation required to fully and responsibly implement Proposition
15 64, including ordinances that address land use, local licensing, safety, and youth access.

16 (i) On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis
17 Regulations and Safety Act (MAUCRSA), effective immediately, reconciling MCRSA and Proposition
18 64, unifying the adult-use and medicinal cannabis markets within the same regulatory regime, and
19 making explicit the protection of the public to be the highest priority for all state licensing authorities
20 in exercising their licensing, regulatory, and disciplinary functions under MAUCRSA. Under
21 MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis
22 businesses, including zoning and permitting requirements and prohibitions on certain types of
23 businesses.

24 (j) In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State
25 Legalization Task Force ("the Task Force") to advise the Board of Supervisors, the Mayor, and other

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2 City departments on matters relating to the potential legalization of adult use cannabis. In December
3 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety
4 and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for
5 the City's policymakers to consider.

6 (k) The Board of Supervisors intends to establish a comprehensive regulatory framework for
7 medicinal cannabis and adult use cannabis. In furtherance of this goal, the Mayor's FY2017-2018
8 budget, approved by the Board through its enactment of Ordinance No. 156-17, included the
9 establishment of an Office of Cannabis to coordinate with City departments and state agencies to
10 develop policies and regulate the local cannabis industry to ensure that local public health, safety, and
11 social justice goals are met. In addition, in July 2017, the City enacted Ordinance No. 168-17,
12 Administrative Code Chapter 2A, Article XXVI, to establish an Office of Cannabis; to authorize the
13 Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to require the
14 Director to collect permit application and annual license fees following the enactment of a subsequent
15 ordinance establishing the amounts of those fees.

16 (l) The Board of Supervisors is committed to ensuring that the perspectives of communities that
17 have been historically and disproportionately affected by federal drug enforcement policies are
18 included and considered in all cannabis policy decisions.

19 (m) The Board of Supervisors is committed to fostering equitable access to participation in the
20 cannabis industry for San Francisco-based small businesses and individual operators by promoting
21 ownership and stable employment opportunities in the industry.

22 (n) Through this Article 16, the Board of Supervisors intends to develop a regulatory
23 framework that: reduces the illegal market for cannabis; minimizes the chances of social harm by
24 protecting and promoting the health of all San Franciscans; limits youth access and exposure to
25 cannabis and cannabis products; ensures safe consumption; maintains the City's progressive clean air

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2 policies for residents, businesses, and their employees; creates equitable access to opportunities within
3 the cannabis industry; and creates jobs and tax revenue for the City.

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5 **SEC. 1601. ADMINISTRATION AND ENFORCEMENT.**

6 This Article 16 shall be administered and enforced by the Office of Cannabis. The Director may
7 adopt rules, regulations, and guidelines to carry out the provisions of this Article.

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9 **SEC. 1602. DEFINITIONS.**

10 As used in this Article 16, the following words or phrases shall mean:

11 "A-license" has the meaning set forth in Section 26001 of the California Business and
12 Professions Code, as may be amended from time to time.

13 "A-licensee" has the meaning set forth in Section 26001 of the California Business and
14 Professions Code, as may be amended from time to time.

15 "Adult Use Cannabis" means Cannabis or Cannabis Products that are intended for adults 21
16 years of age and over who do not possess a Physician's Recommendation.

17 "Applicant" means an Owner applying for a Cannabis Business permit under this Article 16.

18 "Bona Fide Order" means an order for the delivery of Cannabis or Cannabis Products to a
19 Customer that includes: (a) the Customer's name and date of birth; (b) the date Delivery is requested
20 and the address of the real property where the Customer would like the items Delivered; (c) an
21 itemization of the Cannabis items proposed for Delivery and the amount, quantity, and/or volume of
22 each such item; and (c) a statement that the Cannabis or Cannabis Product is not for the purpose of
23 resale.

24 "Bona Fide Proof of Identity and Age" means: (a) a valid document issued by a federal, state,
25 or local government, or subdivision or agency thereof, including, but not limited to, a valid motor

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2 vehicle operator's license, that contains the name, date of birth, description of physical characteristics,
3 and photo of the person; (b) a valid passport issued by the United States or by a foreign government; or
4 (c) a valid identification card issued to a member of the United States Armed Forces that includes a
5 date of birth and a photo of the person.

6 "Cannabis" has the meaning set forth in Section 26001 of the California Business and
7 Professions Code, as may be amended from time to time.

8 "Cannabis Business" means any of the following: Cannabis Cultivation Facility, Cannabis
9 Manufacturing Facility, Cannabis Testing Facility, Cannabis Distributor, Cannabis Microbusiness,
10 Medicinal Cannabis Retailer, Cannabis Retailer, or Delivery-Only Cannabis Retailer.

11 "Cannabis Business Permit" means a permit to operate a specific type of Cannabis Business
12 issued pursuant to this Article 16.

13 "Cannabis Business Registration Period" means the period of time during which Persons
14 wishing to apply for Cannabis Business Permits may register with the Office of Cannabis, as set forth
15 in Section 1605 of this Article 16.

16 "Cannabis Cultivation Facility" means a fixed place of business where Cannabis is Cultivated
17 for Commercial purposes.

18 "Cannabis Distributor" means a fixed place of business where Cannabis and/or Cannabis
19 Products are Distributed for Commercial purposes between Cannabis Businesses holding State
20 Cannabis Licenses.

21 "Cannabis Manufacturing Facility" means a fixed place of business where Cannabis Products
22 are Manufactured for Commercial purposes.

23 "Cannabis Microbusiness" means a fixed place of business where Cannabis and/or Cannabis
24 Products are Cultivated, Manufactured, Distributed, and Sold to Customers.

25 "Cannabis Products" has the meaning set forth in Section 26001 of the California Business and

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2 Professions Code, as may be amended from time to time.

3 “Cannabis Retailer” means a fixed place of business where Cannabis and/or Cannabis
4 Products are Sold to Customers.

5 “Cannabis Testing Facility” means a fixed place of business where Cannabis and/or Cannabis
6 Products are tested for Commercial purposes.

7 “Canopy” means the designated area(s) at a permitted Premises that will contain Mature
8 Plants.

9 “City” means the City and County of San Francisco.

10 “Commercial” means undertaken for Compensation.

11 “Commercial Cannabis Activity” includes the cultivation, possession, manufacture, processing,
12 storing, laboratory testing, labeling, transporting, distribution, or sale of Cannabis or Cannabis
13 Products for Compensation, as provided for in this Article 16.

14 “Commercial Vehicle” has the meaning set forth in Section 260 of the California Vehicle Code,
15 as may be amended from time to time.

16 “Compensation” means money or anything of value made as a payment, loan, advance,
17 donation, contribution, deposit, forgiveness of debt, or gift.

18 “Consuming” or “Consumption” means eating, drinking, chewing, applying topically, or
19 otherwise ingesting, but does not include Smoking.

20 “Cultivation” has the meaning set forth in Section 26001 of the California Business and
21 Professions Code, as may be amended from time to time.

22 “Customer” has the meaning set forth in Section 26001 of the California Business and
23 Professions Code, as may be amended from time to time.

24 “Delivery” has the meaning set forth in Section 26001 of the California Business and
25 Professions Code, as may be amended from time to time.

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2 “Delivery-Only Cannabis Retailer” means a fixed place of business from which Cannabis
3 and/or Cannabis Products are Delivered and Sold to Customers.

4 “Director” means the Director of the Office of Cannabis, or his or her designee.

5 “Distribution” or “Distribute” has the meaning set forth in Section 26001 of the California
6 Business and Professions Code, as may be amended from time to time.

7 “Hazardous material” has the meaning set forth in Section 1102 of the Health Code, as may be
8 amended from time to time.

9 “Hazardous materials plan” has the meaning set forth in Section 1102 of the Health Code, as
10 may be amended from time to time.

11 “M-license” has the meaning set forth in Section 26001 of the California Business and
12 Professions Code, as may be amended from time to time.

13 “M-licensee” has the meaning set forth in Section 26001 of the California Business and
14 Professions Code, as may be amended from time to time.

15 “Manufacture” has the meaning set forth in Section 26001 of the California Business and
16 Professions Code, as may be amended from time to time.

17 “Mature Plant” means a Cannabis plant that is flowering.

18 “Medicinal Cannabis” has the meaning set forth in Section 26001 of the California Business
19 and Professions Code, as may be amended from time to time.

20 “Medical Cannabis Dispensary” means a cooperative or collective operating under the
21 authority of a permit issued by the Director of Health under Article 33 of the Health Code.

22 “Medicinal Cannabis Retailer” means a fixed place of business where Medicinal Cannabis
23 and/or Medicinal Cannabis Products are Sold to individuals who qualify under California Health and
24 Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis.

25 “Office” means the Office of Cannabis or any successor office or agency.

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2 “Owner” means any of the following:

3 (a) A Person with an aggregate ownership interest of 20% or more in the Person
4 applying for a Cannabis Business Permit or a Permittee, unless the interest is solely a security, lien, or
5 encumbrance;

6 (b) The chief executive officer of a nonprofit or other entity;

7 (c) A member of the board of directors of a nonprofit; or

8 (d) An individual who will be participating in the direction, control, or management of
9 the Person applying for a permit.

10 “Permittee” means any Person to whom a Cannabis Business Permit is issued under this
11 Article 16, and any authorized agent or designee of such Person.

12 “Person” includes any individual, firm, partnership, joint venture, association, corporation,
13 limited liability company, estate, trust, business trust, receiver, syndicate, or any other entity, or other
14 group or combination acting as a unit. Person includes both the plural and singular.

15 “Physician’s Recommendation” has the meaning set forth in Section 26001 of the California
16 Business and Professions Code, as may be amended from time to time.

17 “Premises” has the meaning set forth in Section 26001 of the California Business and
18 Professions Code, as may be amended from time to time.

19 “Referring Department” means any City department, agency, office, board, or commission that
20 is required by this Article 16, or its implementing regulations, to review an Applicant’s application for
21 a Cannabis Business permit prior to issuance of such permit by the Director.

22 “Security Guard” has the meaning set forth in Section 1060 of the Police Code, as may be
23 amended from time to time.

24 “Security Plan” means a plan that adequately addresses the safety of persons and property at
25 Cannabis Businesses, developed in consultation with the Police Department, and approved as a

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2 condition of the Cannabis Business Permit by the Director.

3 “Smoke” or “Smoking” has the meaning set forth in Section 11362.3 of the California Health
4 and Safety Code, as may be amended from time to time.

5 “State Cannabis License” means a license to engage in a Commercial Cannabis Activity, issued
6 pursuant to Division 10 of the California Business and Professions Code.

7 “State Licensing Authority” means the state agency responsible for the issuance, renewal, or
8 reinstatement of a State Cannabis License.

9 “Storefront Cannabis Retailer” means either of the following: Medicinal Cannabis Retailer or
10 Cannabis Retailer.

11 “Temporary Medicinal Cannabis Business Permit” means a Permit issued by the Director
12 under Section 1605 of this Article 16 authorizing the Temporary Permit holder to engage in time-
13 limited Commercial Activities relating to Medicinal Cannabis and Medicinal Cannabis Products.

14 “Tobacco Products” has the meaning set forth in Section 19H.2 of the Health Code, as may be
15 amended from time to time.

16 “Volatile Solvent” has the meaning set forth in Section 26130(b) of the California Business and
17 Professions Code, as may be amended from time to time.

18
19 **SEC. 1603. PERMITS REQUIRED.**

20 (a) It shall be unlawful to engage in any Commercial Cannabis Activity or to operate a
21 Cannabis Business within the City without obtaining and maintaining:

22 (1) A permit therefor issued by the Office of Cannabis;

23 (2) A license therefor issued by a State Licensing Authority pursuant to Division 10 of
24 the California Business and Professions Code; and

25 (3) Any such other licenses, permits, certifications, or registrations that may be

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2 required by State or City law.

3 (b) It shall be unlawful for any Person to engage in any Commercial Cannabis Activity for
4 which a permit has been granted under this Article 16 if such permit has been revoked, or during any
5 period in which such permit is suspended.

6 (c) If any license, permit, certification, or registration required for the operation of a Cannabis
7 Business is denied, suspended, modified, revoked, or expired, the Cannabis Business and any Referring
8 Department responsible for the action shall notify the Director of such action in writing within two
9 business days.

10 (d) It shall be unlawful for any Person who is required to surrender a permit upon the sale of a
11 Cannabis Business, as required by Section 1608 of this Article 16, to fail to do so.

12
13 **SEC. 1604. EQUITY PROGRAM.**

14 The Director, in consultation with the Human Rights Commission, shall establish an Equity
15 Program designed to foster equitable access to participation in the cannabis industry, including
16 equitable access to promotional and ownership opportunities in the industry. The Equity Program
17 shall be informed by the findings contained in the Equity Report, prepared in accordance with
18 subsection (b)(5) of Section 2A.420 of the Administrative Code. The Equity Program shall offer priority
19 permit processing and technical assistance to Applicants who meet Equity Criteria (“Equity
20 Applicants”) adopted by the Director.

21
22 **SEC. 1605. TRANSITION PROVISION.**

23 (a) Cannabis Business Registration. The Office of Cannabis shall initiate a Cannabis
24 Business Registration Period in order to collect information from Persons wishing to apply for
25 Cannabis Business Permits. During the Cannabis Business Registration Period, such Persons shall

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2 have the opportunity to register with the Office of Cannabis, and to provide such information as may be
3 required by the Director, including but not limited to:

4 (1) Information regarding the type of Cannabis Business Permit and State Cannabis
5 License for which they intend to apply in 2018;

6 (2) Information about the location of the proposed Cannabis Business, including but not
7 limited to proof that the property owner has authorized the use of the property as a Cannabis Business;

8 (3) Copies of all applicable licenses, permits, certifications, and registrations issued by
9 the City or the State and held by the Owner of the proposed business, including but not limited to
10 Hazardous materials registrations, site permits, Business Registration Certificates, and/or Seller's
11 Permits; and

12 (4) Such other information, documents, and/or attestations as the Director may deem
13 necessary or appropriate for registration.

14 **(b) Registration a Condition of Eligibility for Temporary Medicinal Cannabis Business**
15 **Permit.** Persons that do not register with the Office of Cannabis during the Cannabis Business
16 Registration Period shall not be eligible to apply for or receive a Temporary Medicinal Cannabis
17 Business Permit, as set forth in subsection (d) of this Section 1605.

18 **(c) Medical Cannabis Dispensaries.**

19 (1) To ensure the continued availability of Medicinal Cannabis for individuals who
20 qualify under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, a
21 Medical Cannabis Dispensary that holds a valid permit to operate from the Department of Public
22 Health as of the effective date of this Article 16 may continue to operate as a Medical Cannabis
23 Dispensary at the location identified in its Medical Cannabis Dispensary permit and consistent with the
24 terms of Article 33 of the Health Code, provided that:

25 (A) The Owner of the Medical Cannabis Dispensary provides the Office of

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2 Cannabis with information identifying the type(s) of Cannabis Business Permits and State Cannabis
3 Licenses for which the Owner intends to apply in 2018, and such other information as may be required
4 by the Director;

5 (B) The Owner of the Medical Cannabis Dispensary applies for and obtains a
6 temporary or permanent State Cannabis License; and

7 (C) The Owner of the Medical Cannabis Dispensary applies for a Temporary
8 Medicinal Cannabis Business Permit within 30 days of the date that the Office of Cannabis makes such
9 applications available.

10 (2) Upon approval or denial of a Medical Cannabis Dispensary's application for a
11 Temporary Medicinal Cannabis Business Permit, as set forth in subsection (e) of this Section 1605, the
12 permit issued to the Medical Cannabis Dispensary under the Medical Cannabis Act, Article 33 of the
13 Health Code, shall be rendered invalid.

14 (d) Temporary Medicinal Cannabis Business Permits. The Office of Cannabis shall make
15 applications available for Temporary Medicinal Cannabis Business Permits. In order to be eligible for
16 a Temporary Medicinal Cannabis Business Permit, an Applicant must:

17 (1) Submit an application, on a form to be prescribed by the Director; and

18 (2) Demonstrate compliance with the Cannabis Business Registration process set forth
19 in subsection (a) of this Section 1605; and

20 (3) Demonstrate that:

21 (A) As of the date of introduction of the ordinance in Board File Number
22 _____ , creating this Article 16, the Applicant held a valid Medical Cannabis Dispensary
23 permit, issued by the Director of Health under Article 33 of the Health Code; or

24 (B) The Applicant applied for a Medical Cannabis Dispensary permit and
25 received approval or authorization from the Planning Department or the Planning Commission for use

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2 as a Medical Cannabis Dispensary on or before September 22, 2017; or

3 (C) The Applicant applied for a Medical Cannabis Dispensary permit and
4 received approval or authorization from the Planning Department or the Planning Commission for use
5 as a Medical Cannabis Dispensary following a Planning Commission hearing that was scheduled as of
6 September 11, 2017; or

7 (D) As of the date of introduction of the ordinance in Board File Number
8 _____ , creating this Article 16, the Applicant was engaging in Commercial Cannabis
9 Activities relating to Medicinal Cannabis in the City; and

10 (4) Demonstrate that the proposed Cannabis Business complies with the Planning
11 Code; and

12 (5) Authorize and submit to the inspection of the proposed Premises by the Office of
13 Cannabis, the Fire Department, the Department of Building Inspection, the Department of Public
14 Health, and such other City departments, agencies, and offices as may be necessary to confirm that the
15 proposed Cannabis Business will operate in compliance with law and with the applicable health and
16 safety standards; and

17 (6) Acknowledge the obligation to pay any non-refundable application and/or
18 inspection fees that the Office of Cannabis and/or the Referring Departments may impose in connection
19 with the application for a Temporary Medicinal Cannabis Business permit; and

20 (7) Demonstrate that the proposed Cannabis Business complies with applicable health
21 and safety standards.

22 (A) For purposes of this subsection (d)(7), the health and safety standards
23 applicable to Applicants seeking a Temporary Medicinal Cannabis Business Permit authorizing it to
24 engage in activities allowable by a Storefront Cannabis Retailer are the standards applicable to
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2 Medical Cannabis Dispensaries, as set forth in Article 33 of the Health Code and Section 202.2 of the
3 Planning Code;

4 (B) For purposes of this subsection (d)(7), the health and safety standards
5 applicable to all other Applicants for Temporary Cannabis Business Permits are to be developed by the
6 Director in consultation with the Department of Building Inspection, the Fire Department, the Police
7 Department, and the Department of Public Health. The health and safety standards shall be sufficient
8 to protect the health and safety of employees, neighbors, and Customers of the proposed Cannabis
9 Business, and to prohibit unlawful access to Cannabis and Cannabis Products by underage individuals
10 and individuals who do not qualify to use Medicinal Cannabis.

11 (e) Review, award, and denial of Temporary Medicinal Cannabis Business Permits. The
12 Director shall ensure that the Premises are inspected by all relevant City Departments, and shall
13 review all documentation submitted by the Applicant for the Temporary Medicinal Cannabis Business
14 permit in support of the application. If the application is deemed incomplete, the Director shall advise
15 the Applicant of the deficiencies, and give the Applicant 30 days in which to correct them. If the
16 application is deemed complete, the Director shall determine whether the Applicant has demonstrated
17 compliance with subsection (d) of this Section 1605, and any implementing regulations. After
18 determining whether the Applicant has met the standards set forth in subsection (d) of this Section
19 1605, the Director shall either award or deny the Temporary Medicinal Cannabis Business Permit.

20 (f) Appeal of Denial of Application for Temporary Medicinal Cannabis Business Permit.
21 The decision of the Director to deny a Temporary Medicinal Cannabis Business Permit may be
22 appealed to the Board of Appeals in the manner prescribed in Article 1 of the San Francisco Business
23 and Tax Regulations Code.

24 (g) Activities Authorized by Temporary Medicinal Cannabis Business Permit. A Temporary
25 Medicinal Cannabis Business Permit issued under this Section 1605 shall authorize the Permittee to

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2 engage in all of the activities authorized by a Cannabis Business Permit of the same category, as set
3 forth in Sections 1623 - 1629 of this Article 16; provided, however, that a Temporary Medicinal
4 Cannabis Business Permit shall not authorize the Permittee to engage in any Commercial Cannabis
5 Activities relating to Adult Use Cannabis or Adult Use Cannabis Products.

6 (h) **Duration.** A Temporary Cannabis Business Permit issued under this Section 1605 shall be
7 valid for a period of 120 days and may be extended for additional 90-day periods at the discretion of
8 the Director. The Director shall not issue a new temporary permit after January 1, 2019, and shall not
9 extend the term of a Temporary Cannabis Business Permit past January 1, 2019.

10 (i) **Temporary Medicinal Cannabis Business Permit does not guarantee rights regarding a**
11 **permanent permit.** A Temporary Cannabis Business Permit does not obligate the Director to issue a
12 permanent permit pursuant to Section 1615 of this Article 16, or create a vested right in the holder to
13 either an extension of the temporary permit or to the granting of a subsequent permanent permit.

14 (j) **Duty to apply for permanent permit.** A Person that is awarded a Temporary Medicinal
15 Cannabis Business Permit under this Section 1605 must apply for a Cannabis Business Permit, as set
16 forth in Section 1606, within 30 days of when the Office of Cannabis makes applications for such
17 permits available.

18
19 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

20 (a) The Director shall not accept applications for Cannabis Business Permits until he or she
21 has adopted Equity Criteria, as set forth in Section 1604 of this Article 16.

22 (b) Prior to January 1, 2019, the Director shall not issue a Cannabis Business Permit to
23 operate to any Applicant that:

24 (1) Does not qualify as an Equity Applicant; or
25

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2 (2) Was not issued a Temporary Cannabis Business Permit under Section 1605 of this
3 Article 16; or

4 (3) Has not demonstrated to the Director's satisfaction that the Applicant operated in
5 compliance with the Compassionate Use Act of 1996, and was forced to discontinue operations as a
6 result of federal prosecution or threat of federal prosecution.

7 (c) The Office of Cannabis shall review and process applications for Cannabis Business
8 Permits in an order that reflects the Applicant's priority category:

9 (1) First priority: applications from Equity Applicants;

10 (2) Second priority: applications from Applicants that were operating in compliance
11 with the Compassionate Use Act of 1996 before September 1, 2016;

12 (3) Third priority: applications that demonstrate a commitment on the part of the
13 Applicant to provide benefits to the community in which the Cannabis Business is located, including but
14 not limited to workforce opportunities and community benefits contributions; and

15 (4) Fourth priority: applications submitted by all other Applicants.

16
17 **SEC. 1607. CANNABIS BUSINESS PERMITS.**

18 (a) For the purpose of regulating the Commercial Cultivation, Manufacture, Testing,
19 Distribution, Sale, and Delivery of Cannabis, the Director may issue the following permits:

20 (1) Cannabis Cultivation Facility;

21 (2) Cannabis Manufacturing Facility;

22 (3) Cannabis Testing Facility;

23 (4) Cannabis Distributor;

24 (5) Cannabis Microbusiness;

25 (6) Medicinal Cannabis Retailer;

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2 (7) Cannabis Retailer; and

3 (8) Delivery-Only Cannabis Retailer.

4
5 **SEC. 1608. TRANSFER OF PERMIT; SALE OF CANNABIS BUSINESS; CHANGE IN**
6 **OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.**

7 (a) **Permits Nontransferable.** No permit issued under this Article 16 shall be transferable
8 under any circumstances, including but not limited to the Sale of the Cannabis Business.

9 (b) **Sale of Cannabis Business.** If a Permittee Sells the Cannabis Business, the Permittee shall
10 promptly surrender the permit to the Director. This obligation is not dependent on the Director's
11 requesting the surrender, but arises by operation of law on the Sale of the Cannabis Business. If the
12 Permittee fails to surrender the permit to the Director, the Director may, after giving the Permittee
13 notice by mail and electronically of the proposed action and an opportunity to respond, revoke the
14 permit.

15 (c) **Change in Ownership.** A Permittee may change partners, shareholders, or other Owners
16 of a Cannabis Business provided that: (1) the Sale or other transfer of ownership results in a new
17 Person owning no more than 20% of the Cannabis Business, regardless of the form of ownership, and
18 (2) the Permittee obtains an amendment to the Permit as provided in subsection (c)(2) of this Section
19 1608. If the Sale or other transfer of ownership does not result in any Person (who did not already
20 have such a percentage interest) having an ownership interest of 20% or more, the Permittee is not
21 required to obtain a permit amendment.

22 (1) A Permittee seeking to amend a permit as required under subsection (c) of this
23 Section 1608 shall pay the filing fee for a Permit Amendment, as may be required. The Applicant shall
24 provide that portion of the information sought under Section 1609 for an application that the Director
25 requires.

1
2 (2) The Director shall determine within 30 days of the filing of a complete application
3 for a Permit Amendment whether to approve it. The Director shall approve the application unless the
4 Director determines that denial is warranted under any of the grounds set forth in Section 1615. The
5 Director shall notify the Permittee of the Director's decision electronically and either by mail or
6 personal delivery.

7 (d) **Interim Cannabis Business Permits.** Once the Director receives a surrendered Cannabis
8 Business Permit to Operate, as set forth in subsection (b) of this Section 1608, the new Owner of the
9 business may apply to the Director for an Interim Cannabis Business Permit, subject to any required
10 Planning Department approvals, for a period not to exceed 90 days from the date of surrender (an
11 "Interim Permit"). An Interim Permit may not be renewed. The Director may grant an Interim Permit
12 provided that:

13 (1) The new Owner has submitted a completed application for a Cannabis Business
14 Permit to the Office of Cannabis, and a completed application for a State Cannabis License to the
15 appropriate State Licensing Authority;

16 (2) The new Owner applies for the same type of Cannabis Business Permit as was held
17 by the prior Owner;

18 (3) The Premises to which the Cannabis Permit applies complies with all existing
19 health, safety, and fire ordinances, and applicable state laws governing Cannabis Businesses; and

20 (4) An Interim Permit is necessary to ensure uninterrupted operations of a Cannabis
21 Business at the Premises, or to minimize interruption of its operations.

22
23 **SEC. 1609. PERMIT APPLICATIONS.**

24 (a) **Application and fee required.** Every Applicant for a Cannabis Business permit shall:

25 (1) File an application with the Director upon a form provided by the Director;

1
2 (2) Provide such information as may be required by this Article 16 and any regulations
3 promulgated thereto; and

4 (3) Pay a non-refundable application fee.

5 (b) Information Required of All Applicants for Cannabis Business permits. The application
6 form for all Cannabis Business Permit Applicants shall require the Applicant to provide the following
7 information:

8 (1) The name, street address, and parcel number of the business for which the permit is
9 sought;

10 (2) The name and address of the Applicant as follows:

11 (A) If the Applicant is a corporation, the name of the corporation as shown in its
12 articles of incorporation; the date and place of incorporation; and the name and address of each
13 officer or director;

14 (B) If the Applicant is a Person other than a publicly traded company, the name
15 and address of every Person that directly or indirectly owns or controls 20% or more of the assets,
16 ownership interests, or voting interests in that Person;

17 (3) The name of and contact information for the manager(s) who will, directly or
18 through designees, be on the Premises during hours of operation;

19 (4) The name and address of each Person who appears on the business registration
20 certificate for the Business for which a permit is sought;

21 (5) The name and address of each Person who has or will have authority or control
22 over the Business and a brief statement of the nature and extent of such authority and control, if the
23 Applicant has not otherwise provided this information in the application;

24 (6) The name and address of the Person authorized to accept service of process;
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2 (7) For all Applicants, a complete set of fingerprints in the manner required by the
3 Director for the purpose of conducting a criminal background check, and such additional information
4 concerning criminal histories, as may be required by the Director;

5 (8) Written verification that the owner of the real property where the Cannabis Business
6 will be located consents to its use as a Cannabis Business. Such written verification must be signed by
7 the property owner or the owner's agent, and notarized;

8 (9) Notice of determination from the Planning Department that the proposed use as a
9 Cannabis Business is in compliance with the Planning Code;

10 (10) An Operations Plan that includes such information as may be required by the
11 Director, including but not limited to:

12 (A) An odor mitigation plan;

13 (B) A Hazardous materials inventory;

14 (C) A power plan;

15 (D) A Security Plan;

16 (E) A track and trace compliance plan;

17 (F) A waste disposal plan; and

18 (G) A water management plan.

19 (11) A copy of the Applicant's business license, as required by Article 2 of the Business
20 and Tax Regulations Code, or proof of application therefor;

21 (12) A copy of the Applicant's business registration certificate, as required by Article
22 12 of the Business and Tax Regulations Code, or proof of application therefor;

23 (13) A copy of the Applicant's Seller's Permit, as may be required by Section 6067 of
24 the California Revenue and Taxation Code, or proof of application therefor;

25 (14) A completed Permit Checklist upon a form provided by the Director;

1
2 (15) A detailed, scaled diagram of the proposed Premises that shows the boundaries of
3 the property and all entrances, exits, interior partitions, walls, rooms, doorways, and common or
4 shared entryways. The diagram must show the areas in which all Commercial Cannabis activity will
5 take place, including but not limited to areas where access will be limited to employees of the Cannabis
6 Business and Customer access will be prohibited. If the proposed Premises consists of only a portion
7 of property, the diagram shall reflect the Premises used for Cannabis activity and describe the use for
8 the remaining portion of the property;

9 (16) Disclosure of all other previous and current Cannabis-related licenses and permits
10 issued by or sought from the City, the State, and any out-of-state jurisdiction;

11 (17) A signed statement authorizing the Department of the Environment or the Public
12 Utilities Commission to conduct an energy assessment within the first year of operation;

13 (18) A copy of a proposed Good Neighbor Policy pursuant to which the Applicant
14 agrees to:

15 (A) Provide to residential and commercial neighbors located within 50 feet of
16 the Cannabis Business the name, phone number, and email address of an onsite manager or community
17 relations staff person who may be contacted concerning any problems associated with operation of the
18 establishment;

19 (B) Maintain the Premises, adjacent sidewalk and/or alley in good condition at
20 all times; and

21 (C) Prohibit loitering in or around the Premises, and post notifications on the
22 Premises advising individuals of this prohibition.

23 (19) A staffing plan that includes an organizational chart, demonstrating the roles and
24 responsibilities of each employee;

1
2 (20) A Community Benefits Agreement for consideration by the Director that must, at a
3 minimum, commit to the development of a First Source Hiring Plan, as set forth in Section 1618 of this
4 Article 16:

5 (21) A Security Plan;

6 (22) A statement signed by the Applicant that the Applicant will not Sell or maintain on
7 the Premises Tobacco Products or alcoholic beverages;

8 (23) A statement signed by the Applicant under penalty of perjury, that the information
9 provided is complete, true, and accurate; and

10 (24) Such further information as the Director requires regarding financial and lease
11 arrangements, management authority, operational control of the Business or its Premises, or other
12 matters, when such further information will assist the Director in his/her determination whether to
13 grant or deny the permit.

14 (c) Information required of Applicants for Cannabis Cultivation Facility permits. In addition
15 to the information required under subsection (b) of this Section 1609, an Applicant for a Cannabis
16 Cultivation Facility permit shall also submit as part of its application:

17 (1) Copies of all documentation submitted to the State Licensing Authority in support of
18 its application for a State Cannabis License authorizing the Cultivation of Cannabis;

19 (2) A statement declaring the Applicant is an "agricultural employer" as defined by the
20 Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975, California Labor Code
21 Section 1140.4, to the extent not prohibited by law;

22 (3) Information demonstrating the size of the planned Canopy, by square footage of
23 Cultivation area;

24 (4) Indication on the diagram of the proposed Premises of the location of any
25 Hazardous materials and water storage;

1
2 (5) A Cultivation Plan containing such information as may be required by the Director,
3 including but not limited to:

4 (A) A list of pesticides to be used and quantities of pesticides to be stored on the
5 Premises;

6 (B) A list of fertilizers to be used and quantities of fertilizers to be stored on the
7 Premises;

8 (C) A list of any Hazardous materials to be stored on the Premises, and the
9 quantities thereof;

10 (D) A copy of the Applicant's Hazardous materials plan; and

11 (E) A list of propagative materials to be used for Cultivation.

12 (6) A Water Plan containing such information as may be required by the Director,
13 including but not limited to:

14 (A) Identification of the water source and supplier;

15 (B) Where applicable, the point of diversion;

16 (C) A general description of the area in which the water will be used; and

17 (D) A description of all water conservation measures.

18 (7) A Power Plan containing such information as may be required by the Director,
19 including but not limited to:

20 (A) The name of the energy generation provider;

21 (B) An indication of the percentage of electricity supplied from California-
22 eligible renewable and large hydroelectric sources; and

23 (C) A description of all planned energy efficiency measures.

24 (d) Information required of Applicants for Cannabis Manufacturing Facility permits. In
25 addition to the information required under subsection (b) of this Section 1609, an Applicant for a

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2 Cannabis Manufacturing Facility permit shall also submit as part of its application:

3 (1) Copies of all documentation submitted to the State Licensing Authority in support of
4 its application for a State Cannabis License authorizing the Manufacture of Cannabis;

5 (2) A Manufacturing Plan, containing such information as may be required by the
6 Director, including but not limited to:

7 (A) A detailed description of all processes to be used for the extraction and/or
8 infusion of Cannabis;

9 (B) A list of any Hazardous materials stored on the Premises, and the quantities
10 thereof;

11 (C) A copy of the Applicant's Hazardous materials plan; and

12 (D) A description of all Cannabis Products that will be Manufactured on the
13 Premises; and

14 (3) A statement signed by the Applicant acknowledging that non-Cannabis products will
15 not be Manufactured on the Premises.

16 (e) Information required of Applicants for Cannabis Testing Facility permits. In addition to
17 the information required under subsection (b) of this Section 1609, an Applicant for a Cannabis Testing
18 Facility permit shall also submit as part of its application:

19 (1) Copies of all documentation submitted to the State Licensing Authority in support of
20 its application for a State Cannabis Testing Laboratory License;

21 (2) Evidence that the Applicant has obtained or has applied for ISO/IEC 17025
22 accreditation;

23 (3) A signed statement attesting that the Applicant has no economic interest in any
24 Cannabis Businesses other than testing laboratories, such as the one for which the permit is sought;

25 (4) A Laboratory Operations Plan containing such information as may be required by

1
2 the Director, including but not limited to:

3 (A) A description of sampling methods to be used; and

4 (B) A description of the chain of custody controls to be used.

5 (f) Information required of Applicants for Cannabis Distributor permits. In addition to the
6 information required under subsection (b) of this Section 1609, an Applicant for a Cannabis
7 Distributor permit shall also submit as part of its application:

8 (1) Copies of all documentation submitted to the State Licensing Authority in support of
9 its application for a State Distributor License authorizing the Distribution of Cannabis and Cannabis
10 Products;

11 (2) A Distribution Plan containing such information as may be required by the
12 Director, including but not limited to:

13 (A) Information identifying all locations where the Applicant will store
14 Cannabis or Cannabis Products;

15 (B) The Vehicle Information Number for each vehicle that will be used to
16 Distribute Cannabis and Cannabis Products, and proof of insurance therefor.

17 (g) Information required of Applicants for Cannabis Microbusiness permits. In addition to
18 the information required under subsection (b) of this Section 1609, an Applicant for a Cannabis
19 Microbusiness permit shall also submit as part of its application:

20 (1) Copies of all documentation submitted to the State Licensing Authority in support of
21 its application for a Cannabis Microbusiness License; and

22 (2) All documentation and information set forth in subsections (c), (d), (f), and (h) of
23 this Section 1609.

24 (h) Information required of Applicants for Storefront Cannabis Retailer permits. In addition
25 to the information required under subsection (b) of this Section 1609, an Applicant for a Storefront

1
2 Cannabis Retailer permit shall also submit as part of its application:

3 (1) Copies of all documentation submitted to the State Licensing Authority in support of
4 its application for a Retailer License.

5 (2) For Applicants that have held a valid Medical Cannabis Dispensary permit,
6 documentation demonstrating whether the on-site Smoking of Cannabis was authorized by the Planning
7 Department, based on a showing of compliance with subsection (e)(1)(C) of Section 202.2 of the
8 Planning Code.

9 (3) A Storefront Cannabis Retailer Operations Plan containing such information as
10 may be required by the Director, including but not limited to:

11 (A) A description of the methods to be used to secure against theft or
12 misappropriation Cannabis Products that are not on display in the store;

13 (B) Where applicable, a description of the protocols to be implemented to
14 separately store, sell, and tax Medicinal and Adult Use Cannabis and Cannabis Products; and

15 (C) A description of where and when shipments of Cannabis and Cannabis
16 Products will be received, and the security measures that will be implemented to ensure the safety of
17 the Retailer's employees, and the public, and to protect against the theft of Cannabis and Cannabis
18 Products;

19 (4) A description of how the Applicant will support the needs of Customers who qualify
20 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,
21 including but not limited to providing private space where confidential communications may occur, and
22 ensuring a sufficient supply of Medicinal Cannabis and Medicinal Cannabis Products.

23 (5) If the Applicant intends to Deliver Cannabis or Cannabis Products to Customers,
24 the Applicant shall also provide:

25 (A) Information about the electronic platform, if any, to be used to receive and

1
2 process orders for Cannabis and/or Cannabis Products:

3 (B) The Vehicle Information Number for each vehicle that will be used to Deliver
4 Cannabis and Cannabis Products, and proof of insurance coverage therefor;

5 (C) A description of how the Applicant will confirm the age and identity of the
6 Customer prior to and/or upon Delivery;

7 (D) A description of how the Applicant will confirm that a Customer is qualified
8 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, prior to
9 and/or upon Delivery of Medicinal Cannabis or a Medicinal Cannabis Product.

10 (E) A description of how the Applicant will track drivers and delivery status.

11 (F) A statement signed by the Applicant affirming that the Applicant:

12 (i) Will provide training to all Delivery employees concerning the laws
13 governing Sales and Deliveries of Cannabis and Cannabis Products;

14 (ii) Will take steps to ensure the personal safety of all Delivery
15 employees; and

16 (iii) Understands that the Delivery of Cannabis or Cannabis Products by
17 anyone other than an employee of the Applicant is a violation of this Article 16.

18 (i) Information required of Applicants for Delivery-Only Cannabis Retailer permits. In
19 addition to the information required under subsection (b) of this Section 1609, an Applicant for a
20 Delivery-Only Cannabis Retailer permit shall also submit as part of its application:

21 (1) Copies of all documentation submitted to the State Licensing Authority in support of
22 its application for a license authorizing the Delivery and Sale of Cannabis and/or Cannabis Products
23 to Customers.

24 (2) A description of how the Applicant will support the needs of Customers who qualify
25 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis.

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2 including but not limited to ensuring a sufficient supply of Medicinal Cannabis and Medicinal
3 Cannabis Products.

4 (3) A "Delivery-Only Cannabis Retailer Operations Plan" containing such information
5 as may be required by the Director, including but not limited to:

6 (A) Where applicable, a description of the protocols it intends to implement to
7 separately store, sell, and tax Medicinal and Adult Use Cannabis and Cannabis Products;

8 (B) A description of where and when shipments of Cannabis and Cannabis
9 Products will be received, and the security measures that will be implemented to ensure the safety of
10 the Business' employees, and the public, and to protect against the theft of Cannabis and Cannabis
11 Products;

12 (C) Information about the electronic platform, if any, to be used to receive and
13 process orders for Cannabis and/or Cannabis Products;

14 (D) The Vehicle Information Number for each vehicle that will be used to Deliver
15 Cannabis and Cannabis Products, and proof of insurance coverage therefor;

16 (E) A description of how the Applicant will confirm the age and identity of the
17 Customer prior to and/or upon Delivery;

18 (F) A description of how the Applicant will confirm that a Customer is qualified
19 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, prior to
20 and/or upon delivery of Medicinal Cannabis or a Medicinal Cannabis Product.

21 (G) A description of how the Applicant will track Delivery employees and
22 Delivery status;

23 (H) A statement signed by the Applicant affirming that the Applicant:

24 (i) Will provide training to all Delivery employees concerning the laws
25 governing Sales and Deliveries of Cannabis and Cannabis products;

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2 (ii) Will take steps to ensure the personal safety of all Delivery
3 employees;

4 (iii) Understands that the Delivery of Cannabis or Cannabis Products by
5 anyone other than an employee of the Applicant is a violation of this Article 16.

6
7 **SEC. 1610. WITHDRAWAL OF APPLICATION.**

8 An Applicant may withdraw an application at any time prior to the Office's issuance or denial
9 of a Cannabis Business Permit. Requests to withdraw an application shall be submitted to the Office in
10 writing, dated, and signed by the Person who submitted and signed the application. The Office shall not
11 refund application fees for a withdrawn application. An Applicant that has withdrawn an application
12 may reapply and pay a new application fee at any time following the withdrawal of an application, but
13 such application shall not receive priority review as set forth in subsection (c) of Section 1606.

14
15 **SEC. 1611. PERMITTEE'S RESPONSIBILITY FOR ACTS OF EMPLOYEES AND**
16 **AGENTS.**

17 In construing and enforcing the provisions of this Article 16 and regulations promulgated
18 thereto, any act, omission, or failure of an agent, officer, or other Person acting for or employed by a
19 Cannabis Business, within the scope of his or her employment or agency, shall be deemed the act,
20 omission, or failure of the Cannabis Business.

21
22 **SEC. 1612. INCORPORATION OF REQUIREMENTS OF STATE LAW AND LOCAL**
23 **APPROVALS.**

24 (a) The requirements and prohibitions imposed on Cannabis Businesses licensed pursuant to
25 Division 10 of the California Business and Professions Code are hereby incorporated into this Article

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2 16. and a violation of any state law or regulation relating to the operation of a Cannabis Business is a
3 violation of this Article 16.

4 (b) A violation of the terms and conditions of a Cannabis Business Permit is a violation of this
5 Article 16.

6 (c) A violation of the terms and conditions imposed on a Cannabis Business by a Referring
7 Department is a violation of this Article 16.

8
9 **SEC. 1613. LIMITS ON PERMITS.**

10 (a) A Permittee that holds a Cannabis Testing Facility permit shall be ineligible for and may
11 not be issued a permit to operate any other type of Commercial Cannabis Activity permitted by the
12 City. A Permittee that holds a Cannabis Business Permit other than a Cannabis Testing Facility
13 permit, shall be ineligible for and may not be issued a permit to operate a Cannabis Testing Facility.

14 (b) Notwithstanding subsection (a) of this Section 1613, a Person may hold more than one
15 Cannabis Business Permit.

16
17 **SEC. 1614. REFERRAL OF APPLICATION TO DEPARTMENTS AND AGENCIES.**

18 The Director shall send the application to all appropriate Referring Departments. Those
19 departments shall complete all necessary review and inspections and report their determinations to the
20 Office of Cannabis.

21
22 **SEC. 1615. ISSUANCE AND DENIAL OF CANNABIS BUSINESS PERMITS.**

23 (a) After reviewing an Applicant's application, the Director shall notify the Applicant in
24 writing that the application is complete and accepted for further review, or incomplete. If the Director
25 deems the application to be incomplete, the Applicant shall supply the information or documentation

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2 that is required for the application to be deemed complete. The Applicant shall have 90 days from the
3 date that the Director provides notification that the application is incomplete to provide all required
4 information and/or documentation. If the Applicant does not provide such information within 90 days,
5 the application will be deemed abandoned and will not receive further consideration. Applicants that
6 abandon an application may submit a new one, subject to payment of a new application fee.
7 Applicants that submit an Application following the abandonment of an earlier Application shall not
8 receive priority review, as set forth in subsection (c) of Section 1606.

9 (b) Upon review of a complete application and consideration of information provided by the
10 Referring Departments, the Director shall either grant or deny a permit, as specified in more detail in
11 subsections (c) and (d).

12 (c) **Approvals.** In granting a permit, the Director may impose conditions as are, in his or her
13 judgment, necessary to protect the health and safety of the Permittee's employees, neighbors, and
14 Customers, prevent access to Cannabis and Cannabis Products by underage persons, and reduce any
15 potential adverse impacts of the Cannabis Business on the immediate neighborhood. Such conditions
16 may include, but are not limited to, conditions relating to the hours of operation and additional good
17 neighbor requirements.

18 (d) **Mandatory Grounds for Denial.** No Cannabis Business permit shall be issued if the
19 Director finds that:

20 (1) The Applicant provided materially false information, documents, or testimony in
21 support of the application or in any other matter before the Director.

22 (2) The Applicant failed to provide all information required by this Article 16 and by
23 the Director, in implementing this Article 16.

24 (3) The Applicant has not fully complied with the provisions of this Article 16.

25 (4) The Applicant has not demonstrated eligibility for a permit under this Article 16.

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2 (5) The Premises are materially different from the diagram of the Premises submitted
3 by the Applicant.

4 (6) The City has revoked a permit for the operation of a business in the City which
5 permit had been issued to the Applicant or to any other Person who will be engaged in the management
6 of the Cannabis Business unless more than five years have passed between the date of the application
7 and the date of revocation of the other permit.

8 (7) The Applicant has previously failed to comply with requirements of Article 33 of the
9 Health Code.

10 (8) The operation of the Cannabis Business as proposed by the Applicant, if permitted,
11 would not comply with all applicable laws, including but not limited to, the Building, Planning,
12 Housing, Police, Fire, and Health Codes of the City, the provisions of this Article 16 and any
13 regulations promulgated thereto, and the Medicinal and Adult Use Cannabis Regulation and Safety
14 Act, 2017 Cal. Legis. Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from
15 time to time.

16 (9) The Applicant is employed by any local or state agency responsible for the
17 regulation of Commercial Cannabis Activities.

18 (10) The Applicant denied access to the Premises to the Office and/or to any Referring
19 Department.

20 (11) The Director finds that the Premises or the Cannabis Business will be or is being
21 managed, conducted, or maintained in such a manner as to endanger the health and safety of the
22 employees, Customers or neighbors, or to coerce any employee to engage in illegal conduct.

23 (e) **Discretionary Grounds for Denial.** The Director may deny an application for a Cannabis
24 Business permit if the Director finds that:

25 (1) The Applicant or Owner has been convicted of an offense that is substantially

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2 related to the qualifications, functions, or duties of the business or profession for which the application
3 is made, except that if the Director determines that the Applicant or Owner is otherwise suitable to be
4 issued a permit, and granting the permit would not compromise public safety, the Director shall
5 conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of
6 rehabilitation of the Applicant or Owner, and shall evaluate the suitability of the Applicant or Owner,
7 to be issued a permit based on the evidence found through the review. For purposes of this subsection
8 (e)(1), “offenses that are substantially related to the qualifications, functions, or duties of the business
9 or profession for which the application is made” include, but are not limited to, the following:

10 (A) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of
11 the California Penal Code;

12 (B) A serious felony conviction, as specified in subdivision (c) of Section 1192.7
13 of the California Penal Code;

14 (C) A felony conviction involving fraud, deceit, or embezzlement;

15 (D) A felony conviction for hiring, employing, or using a minor in transporting,
16 carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or
17 selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled
18 substance to a minor; and,

19 (E) A felony conviction for drug trafficking with enhancements pursuant to
20 Section 11370.4 or 11379.8 of the California Health and Safety Code.

21 (2) Except as provided in subsections (e)(1)(D)-(E) of this Section 1615, a prior
22 conviction, where the sentence, including any term of probation, incarceration, or supervised release,
23 is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of
24 a controlled substance is not considered substantially related, and shall not be the sole ground for
25 denial of a license. Conviction for any controlled substance felony subsequent to the award of a permit

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2 under the authority of this Article 16 shall be grounds for revocation of a permit or denial of the
3 renewal of a permit.

4 (3) In determining whether an Application should be denied on grounds articulated in
5 subsections (d)(1) and (2) of this Section 1615, the Director shall use his or her best efforts to
6 coordinate his or her review of evidence and decision with the State Licensing Authority charged with
7 the review of the Applicant's application for a State Cannabis License.

8 (4) The Director concludes that there is good cause to deny the permit in accordance
9 with Section 26 of the Business and Tax Regulations Code.

10
11 **SEC. 1616. PAYMENT OF ANNUAL LICENSE FEE; PERMIT RENEWALS.**

12 (a) Annual License Fee. The license fee for a Cannabis Business Permit shall be paid
13 annually on or before March 31, in accordance with the provisions of Section 76.1 of the Business and
14 Tax Regulations Code. Upon the failure of the Permittee to pay such fees, the permit shall be
15 considered null and void, and therefore inactive as a matter of law, until the Permittee pays the fees
16 and any penalties that might be assessed by the Director.

17 (b) Permit Renewals. Cannabis Business Permits shall expire on March 31 of each year.
18 Permittees shall file an application for permit renewal with the Director no later than 30 days before
19 the expiration date of the previous permit. If a Permittee submits a complete renewal application in a
20 timely manner, the Permittee may continue to operate until the Director approves or denies the renewal
21 application.

22
23 **SEC. 1617. COMPLIANCE WITH PERMIT CONDITIONS.**

24 (a) No Permittee shall operate a Cannabis Business in a manner inconsistent with any permit
25 condition imposed by the Director or by a Referring Department.

1
2 (b) A Permittee may request a permit amendment to remove or change a condition imposed by
3 the Director by filing a request with the Office of Cannabis and paying such permit amendment
4 application fee as may be required.

5 (c) The Director shall consider whether the amendment of the permit condition sought by the
6 Permittee would jeopardize the health and safety of the Permittee's employees, neighbors, and
7 Customers, increase access to Cannabis and Cannabis Products by underage persons, or increase any
8 potential adverse impacts of the Cannabis Business on the immediate neighborhood, and shall render a
9 decision to remove, change, or maintain the permit condition(s) on the basis of that evaluation or for
10 any good cause.

11 (d) A decision of the Director to impose a permit condition, or to refuse to remove or amend a
12 permit condition, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the
13 Business and Tax Regulations Code.

14
15 **SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL**
16 **CANNABIS BUSINESSES.**

17 (a) Every Cannabis Business shall be required to obtain a business license from the City in
18 compliance with Article 2 of the Business and Tax Regulations Code.

19 (b) Every Cannabis Business shall be required to obtain a business registration certificate
20 from the City in compliance with Article 12 of the Business and Tax Regulations Code.

21 (c) Every Cannabis Business shall be required to obtain a State Cannabis License prior to
22 engaging in any Commercial Cannabis Activities.

23 (d) Every Cannabis Business shall be required to prominently display its Cannabis Business
24 Permit, State Cannabis License, Business Registration, and Seller's Permit, if required to hold a
25 Seller's Permit.

1
2 (e) Every Cannabis Business shall operate within fully enclosed and secure structures that are
3 inaccessible to underage persons.

4 (f) It shall be a violation of this Article 16 for a Cannabis Business to sell or maintain alcoholic
5 beverages and/or Tobacco Products on the Premises of the Cannabis Business.

6 (g) Every Cannabis Business shall enter into a First Source Hiring Agreement, as defined by
7 Section 83.4 of the Administrative Code, pursuant to which it agrees to comply with the first source
8 hiring requirements set forth in subsections (b)(1)-(8) of Section 83.9 of the Administrative Code.

9 (h) Every Cannabis Business shall be required to submit a "modification request" to the Office
10 of Cannabis prior to making any change that would materially or substantially alter the Premises from
11 the diagram of the Premises on file with the Office of Cannabis, and shall not make the proposed
12 change absent approval from the Office of Cannabis.

13 (i) Every Cannabis Business shall be required to use the business name listed on its Cannabis
14 Business permit when applying for any other permits or licenses relating to the operation of the
15 Cannabis Business, and when applying for a State Cannabis license.

16 (j) Every Cannabis Business shall be required to provide identification badges to all employees
17 that display: (1) the name of Cannabis Business; (2) the number of the Cannabis Business' Cannabis
18 Business Permit; and (3) a photo of the employee's face. Such identification badges must be worn by
19 employees at all times when they are on the Premises of the Cannabis Business, and when acting in the
20 scope of their employment.

21 (k) Every Cannabis Business shall be required to maintain on the Premises a fire proof safe.

22 (l) A Cannabis Business shall not enter into a sublease for use of any part of the Premises by
23 another entity without the prior approval of the Director.

24 (m) A Physician's Recommendation for Medicinal Cannabis may not be sought, issued,
25 provided, or procured on the Premises of a Cannabis Business.

1
2 (n) At any time a Cannabis Business is open for operation, there shall be at least one person on
3 the Premises who is responsible for the operation of the Cannabis Business and who is readily
4 available to respond to and interact with all inspecting departments and agencies, the Director, or any
5 other City employee or official.

6 (o) No Cannabis Business shall employ an individual who is not at least 21 years of age.

7 (p) Every Cannabis Business shall be required to comply with all aspects of the state's "Track
8 and Trace" program, as set forth in Section 26067 of the California Professions and Business Code, as
9 may be amended from time to time.

10 (q) Every Cannabis Business shall be required to maintain records demonstrating that all
11 Cannabis and Cannabis Products have been obtained from Cannabis Businesses holding a valid State
12 Cannabis License. The Director shall have the right to examine, monitor and audit such records and
13 documentation, which shall be made available immediately upon request.

14 (r) None of the following items shall be allowed on the Premises or parking lot of a permitted
15 Cannabis Business:

16 (1) Controlled substance other than Cannabis;

17 (2) Paraphernalia used for the Consumption of any controlled substance other than
18 Cannabis; and

19 (3) Alcoholic beverages.

20 (s) Every Cannabis Business shall comply with the terms of its Good Neighbor Policy and
21 Security Plan.

22 (t) Every Cannabis Business shall be required to keep all garbage, recycling, and compost
23 containers within the Premises and hidden from public view, and placed outside only when being
24 serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and
25 recycling receptacle guidelines set forth by the Department of Public Works.

1
2 (u) The Premises of every Cannabis Business shall be adequately soundproofed or insulated for
3 noise and operated so that incidental noise shall not be audible beyond the Premises or in other
4 sections of the building. Noise generated by fixed-source equipment shall not exceed the decibel levels
5 specified in Article 29 of the Police Code, as may be amended from time to time.

6 (v) Appropriate odor control equipment shall be installed in conformance with the approved
7 odor plan and maintained to prevent any significant noxious or offensive odors from escaping the
8 Premises.

9 (w) Every Cannabis Business shall maintain the main entrance to the Premises and all
10 sidewalks abutting the subject property in a clean and sanitary condition in compliance with the
11 Department of Public Works' Street and Sidewalk Maintenance Standards.

12 (x) Every Cannabis Business shall comply with signage controls.

13 (y) Every Cannabis Business shall register with the Office each location within the City where
14 Cannabis and Cannabis Products will be stored.

15 (z) Every Cannabis Business shall protect personally identifiable information and protected
16 health information from unauthorized disclosure, to the extent required by the Health Insurance
17 Portability and Accountability Act, the California Medical Information Act, Article 1 of the California
18 Constitution, the California Health and Safety Code and regulations promulgated thereunder, and any
19 other applicable provision of federal or state law.

20 (aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale
21 distribution of Cannabis or Cannabis Products. For purposes of this subsection (aa), "nonsale
22 distribution" means to give Cannabis or Cannabis Products to the general public at no cost, or at
23 nominal cost, or to give coupons, coupon offers, or rebate offers for Cannabis or Cannabis Products to
24 the general public at no cost or at nominal cost.

25 (bb) A Cannabis Business shall conduct an Energy Efficiency Audit Reporting, as may be

1
2 required by Chapter 20 of the Environment Code.

3 (cc) Every Cannabis Business shall advise the Director and the applicable State Licensing
4 Authority in writing of the following events within 48 hours of:

5 (1) Receiving a criminal penalty or civil judgement rendered against the Permittee; or

6 (2) Receiving notification of the revocation of a local license, permit or other
7 authorization from any Referring Department.

8 (dd) Every Cannabis Business shall notify the Director, the Police Department, and the
9 applicable State Licensing Authority within 24 hours after discovering any of the following:

10 (1) Significant discrepancies identified during inventory;

11 (2) Diversion, theft, loss, or any criminal activity pertaining to the operation of the
12 Cannabis Business;

13 (3) Diversion, theft, loss, or any criminal activity by any agent or employee of the
14 Cannabis Business pertaining to the operation of the Cannabis Business;

15 (4) The loss or unauthorized alteration of records related to Cannabis or Cannabis
16 Products, registered qualifying patients, primary caregivers, or the employees or agents of the
17 Cannabis Business; and

18 (5) Any other breach of security.

19
20 **SEC. 1619. PROHIBITION ON ENTRY BY AND SALES TO UNDERAGE PERSONS.**

21 (a) Entry to Premises Prohibited. It shall be a violation of this Article 16 for a Permittee to
22 allow on the Premises any person under 21 years of age, provided however that a Medicinal Cannabis
23 Retailer may permit entry to a person 18 years of age or older who possesses a valid Physician's
24 Recommendation.

25 (b) Prohibited Sales.

1
2 (1) It shall be a violation of this Article 16 for any Storefront Cannabis Retailer,
3 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell, furnish, give, or cause to be Sold,
4 any Adult Use Cannabis or Adult Use Cannabis Products to any person under the age of 21.

5 (2) It shall be a violation of this Article 16 for any Storefront Cannabis Retailer,
6 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell, furnish, give, or cause to be Sold,
7 any Medicinal Cannabis or Medicinal Cannabis Products to any person who is under the age of 18
8 and/or who does not possess a valid Physician's Recommendation.

9 (c) **Positive Bona Fide Proof of Identity Required.** No Storefront Cannabis Retailer,
10 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer shall Sell Cannabis or Cannabis
11 Products to any Customer without first examining the Customer's Bona Fide Proof of Age and Identity
12 to confirm that the Customer is at least the minimum age under state law to purchase and possess the
13 Cannabis or Cannabis Product. Review of a Customer's Bona Fide Proof of Age must be performed by
14 an employee of the Permittee, in the presence of the prospective Customer.

15 (d) **Proof of Physician's Recommendation Required.** No Storefront Cannabis Retailer,
16 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer shall Sell Medicinal Cannabis or
17 Medicinal Cannabis Products to any Customer without first examining verification that the Customer
18 possesses a valid Physician's Recommendation. Review of a Customer's verification of Physician's
19 Recommendation must be performed by an employee of the Permittee, in the presence of the prospective
20 Customer.

21
22 **SEC. 1620. CONSUMPTION AND SMOKING OF CANNABIS AND CANNABIS**
23 **PRODUCTS ON THE PREMISES OF CANNABIS BUSINESSES.**

24 (a) The Consumption and Smoking of Cannabis and Cannabis Products are prohibited on the
25 Premises of all Cannabis Manufacturing Facilities, Cannabis Cultivation Facilities, Cannabis Testing

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2 Facilities, Cannabis Distributors, and Delivery-Only Cannabis Retailers.

3 (b) The Consumption of Cannabis and Cannabis Products is not prohibited on the Premises of
4 Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusiness, provided, however,
5 that:

6 (1) The Cannabis Business receives a Cannabis Consumption Permit from the
7 Department of Public Health, authorizing onsite Consumption of Cannabis and Cannabis Products:

8 (2) Access to the area where the Consumption of Cannabis and Cannabis Products is
9 allowed is restricted to persons 21 years of age and older, or persons 18 years of age and older, if the
10 Permitted Businesses is authorized to Sell Medicinal Cannabis and Medicinal Cannabis Products:

11 (3) Cannabis Consumption is not visible from any public place or nonage-restricted
12 area; and

13 (4) Sale or Consumption of alcohol or Tobacco Products is not allowed on the
14 Premises.

15 (c) The Smoking of Cannabis and Cannabis Products is prohibited on the Premises of
16 Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusinesses, absent
17 authorization from the Director of the Department of Health, as set forth in Section 1009.23 of the
18 Health Code. Where authorized by the Director of Health, the Smoking of Cannabis and Cannabis
19 Products shall be subject to the limitations on Consumption set forth in subsection (b)(2)-(4) of this
20 Section 1620, and any additional limitations imposed by the Director of Health.

21 (d) All Cannabis Businesses shall:

22 (1) Post clear and prominent signs at each entrance to the Premises advising
23 Customers that the Smoking of Cannabis is prohibited in public places, including on sidewalks and in
24 the entryways of businesses;

25 (2) Post clear and prominent "No Smoking" signs in any area of the Premises where

1
2 Smoking is prohibited:

3 (3) Post clear and prominent “No Consuming Cannabis” signs in any area of the
4 Premises where the Consumption of Cannabis and Cannabis Products is prohibited; and

5 (4) Request that any person Smoking or Consuming Cannabis or Cannabis Products
6 where Smoking or Consumption are prohibited refrain from Smoking and/or Consuming.

7
8 **SEC. 1621. TOURS.**

9 (a) It shall be a violation of this Article 16 for Cannabis Testing Facilities, Cannabis
10 Distributors, and Delivery-Only Cannabis Retailers to permit a tour to be conducted on the Premises.

11 (b) Prior to January 1, 2019, it shall be a violation of this Article 16 for a Cannabis
12 Manufacturing Facility, a Cannabis Cultivation Facility, or a Cannabis Microbusiness to permit a tour
13 to be conducted on the Premises.

14 (c) For purposes of this Section 1621, a “tour” means an organized visit by a member or
15 members of the general public, or segment thereof, who wish to view the Premises, learn about its
16 methods of operation, and/or gain insight into the Cannabis industry. A “tour” does not include visits
17 by:

18 (1) Employees of the Cannabis Business;

19 (2) Employees of other Cannabis Businesses licensed by the State of California with
20 which the Permittee is conducting business;

21 (3) Persons authorized to conduct inspections;

22 (4) Persons engaging in law enforcement activities;

23 (5) Persons providing incidental business services, such as repairs or, deliveries; or

24 (6) Persons affiliated with a government agency who have received approval from the
25 Cannabis Business and the Office of Cannabis to conduct a tour the Cannabis Business.

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2 (d) Prior to January 1, 2019, the Director shall adopt rules and regulations governing tours of
3 Cannabis Businesses. The Director is hereby authorized to extend the prohibition on tours set forth in
4 subsection (b) of this Section 1621, or authorize tours, subject to limitations he or she may adopt to
5 protect the health and safety of employees, neighbors and Customers, prohibit access to Cannabis and
6 Cannabis Products by underage persons, preserve the character of the surrounding neighborhood, and
7 mitigate any potential noise and/or traffic congestion.

8
9 **SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO**
10 **CUSTOMERS.**

11 (a) The Delivery of Cannabis or Cannabis Products to Customers within San Francisco is
12 prohibited except by Storefront Cannabis Retailers and Delivery-Only Cannabis Retailers that are
13 permitted by the Office of Cannabis and receive express authorization to engage in Deliveries from the
14 Director. The Delivery of Cannabis or Cannabis Products within San Francisco by Cannabis
15 Businesses that are located outside of San Francisco is prohibited.

16 (b) Permitted Cannabis Businesses that receive authorization from the Director to engage in
17 Deliveries must comply with such Delivery Standards as may be adopted by the Director, including but
18 not limited to the following:

19 (1) Deliveries may only be conducted by employees of the Permitted Cannabis Business.
20 Deliveries may not be conducted by independent contractors.

21 (2) An employee conducting a Delivery must deliver the Cannabis or Cannabis Product
22 to an address associated with real property (e.g. not to a street corner or location within a park).

23 (3) Orders must be completed by California residents 21 or over (with valid California
24 driver's license or Identification card).

25 (4) Deliveries must be made during the Cannabis Business' hours of operation.

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2 (5) Delivery may only be made to the individual who placed the Bona Fide Order, and
3 to individuals who are 21 years of age or older, unless the Customer provides verification that the
4 Customer, or a patient for whom he or she is a Primary Caregiver, qualifies under California Health
5 and Safety Code Section 11362.7 et seq. to use Medicinal Cannabis.

6 (6) Upon Delivery, the employee performing the Delivery must:

7 (A) Personally review the Bona Fide Proof of Age and Identity of the Customer
8 to confirm that he or she is the same individual who submitted the Bona Fide Order, and is not
9 underage, as set forth in Section 1619 of this Article 16;

10 (B) Where the product being sold is Medicinal Cannabis or a Medicinal
11 Cannabis Product, personally review documentation verifying that the Customer possesses a valid
12 Physician's Recommendation;

13 (C) Require the Customer to sign a document indicating the type and quantity of
14 Cannabis and/or Cannabis Products that were Delivered; and

15 (D) Distribute to each Customer at the time of sale a fact sheet relating to safe
16 consumption of Cannabis and Cannabis Products, the content of which shall be produced by the
17 Department of Public Health.

18 (7) Delivery of Cannabis and/or Cannabis Products may not be made to an individual
19 who is visibly intoxicated at the time of Delivery.

20 (8) A Cannabis Business may not make Deliveries more than once per day to the same
21 physical address or to the same Customer.

22 (9) Cannabis and Cannabis Products that are Delivered to a Customer must:

23 (A) Comply with the all State and local packaging and labeling rules; and,

24 (B) Be placed in an opaque child resistant delivery receptacle.

25 (10) All Cannabis and Cannabis Products shall be kept in a lock-box securely affixed

1
2 inside the delivery vehicle.

3 (11) A manifest must be created for each Delivery or series of Deliveries prior to
4 departure and the Delivery employee may not make any unnecessary stops between Deliveries or
5 deviate substantially from the manifest route.

6 (12) A Cannabis Business authorized to engage in the Delivery of Cannabis and/or
7 Cannabis Products shall comply with all track and trace requirements imposed by state law, and shall
8 document the following information regarding Deliveries pursuant to track and trace:

9 (A) The date and time the Bona Fide Order and was received by the Cannabis
10 Business;

11 (B) The date and time the Cannabis and/or Cannabis Products were Delivered;

12 (C) A description of the Cannabis and/or Cannabis Products that were
13 Delivered, including the weight or volume and price paid by the Customer;

14 (D) The name of the Delivery employee who performed the Delivery; and

15 (E) The name of the individual to whom the Delivery was made, and the
16 Delivery address.

17 (13) A Cannabis Business authorized to engage in Deliveries must Deliver Cannabis
18 and Cannabis Products by Commercial Vehicle only. Delivery by non-Commercial Vehicles, drones,
19 human powered vehicles, and unmanned vehicles is prohibited.

20
21 **SEC. 1623. CANNABIS CULTIVATION FACILITIES.**

22 (a) Authorized activities. A Cannabis Cultivation Facility Permit authorizes the Permittee to
23 engage in the Commercial Cultivation of Medicinal Cannabis and Adult Use Cannabis, provided that
24 the Permittee is both an A-licensee and an M-licensee. A Cannabis Cultivation Facility Permittee that
25 holds only an A-license may engage in the Commercial Cultivation of Adult Use Cannabis only. A

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2 Cannabis Cultivation Facility Permittee that holds only an M-License may engage in the Cultivation of
3 Medicinal Cannabis only.

4 (b) **Operating Standards.** In addition to the operating requirements set forth in Section 1618 of
5 this Article 16, a Cannabis Cultivation Facility shall comply with the following Cultivation operating
6 standards:

7 (1) The Premises to be used as a Cannabis Cultivation Facility may not exceed 22,000
8 square feet of total Canopy. Canopy shall be calculated on a square foot basis and shall include any
9 vertical growth space, such as shelving.

10 (2) A Cannabis Cultivation Facility may engage in the indoor Cultivation of Cannabis
11 only; the outdoor Cultivation of Cannabis is prohibited. For purposes of this Article 16, “indoor
12 Cultivation” and “outdoor Cultivation” shall have the meaning set forth in regulations promulgated by
13 the California Department of Food and Agriculture pursuant to the Medicinal and Adult Use Cannabis
14 Regulation and Safety Act.

15 (3) All Cultivation activities must not be visible from the public right-of-way.

16 (4) A Cannabis Cultivation Facility must have weighing and measuring devices used in
17 connection with the Sale or Distribution of Cannabis that meet state standards.

18
19 **SEC. 1624. CANNABIS MANUFACTURING FACILITIES.**

20 (a) **Authorized activities.** A Cannabis Manufacturing Facility Permit authorizes the Permittee
21 to engage in the Commercial Manufacture of Medicinal Cannabis Products and Adult Use Cannabis
22 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis
23 Manufacturing Facility Permittee that holds only an A-license may engage in the Commercial
24 Manufacture of Adult Use Cannabis Products only. A Cannabis Manufacturing Facility Permittee that
25 holds only an M-License may engage in the Manufacturing of Medicinal Cannabis Products only.

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2 **(b) Operating Standards.** In addition to the operating requirements set forth in Section 1618 of
3 this Article 16, a Cannabis Manufacturing Facility shall comply with the following Manufacturing
4 operating standards:

5 (1) A Cannabis Manufacturing Facility may Manufacture Cannabis Products only; it
6 may not Manufacture products that do not contain Cannabis.

7 (2) A Cannabis Manufacturing Facility may engage in Cannabis oil extraction, subject
8 to any limitations imposed by the Planning Code, the Planning Department or the Planning
9 Commission.

10 (3) A Cannabis Manufacturing Facility may not produce or Sell Edible Cannabis
11 Products that do not comply with the requirements of Sections 26130 and 26131 of the California
12 Health and Safety Code, as may be amended from time to time, and any regulations promulgated
13 thereto.

14 (4) A Cannabis Manufacturing Facility may use Volatile Solvents only if the operator
15 holds a State Cannabis License authorizing their use.

16 (5) A Cannabis Manufacturing Facility using Volatile Solvents for Manufacturing
17 Cannabis Products must operate in a manner to reduce the risk of explosion or danger to public health,
18 including through the use of a close-loop or solvent dispersion system consistent with the requirements
19 of California Health and Safety Code Section 11362.775, as may be amended from time to time.

20
21 **SEC. 1625. CANNABIS TESTING FACILITIES.**

22 (a) Authorized activities. A Cannabis Testing Facility Permit authorizes the Permittee to
23 engage in the Commercial testing of Medicinal Cannabis and Cannabis Products and Adult Use
24 Cannabis and Cannabis Products, provided that the Permittee is both an A-licensee and an M-licensee.
25 A Cannabis Testing Facility Permittee that holds only an A-license may engage in the Commercial

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2 testing of Adult Use Cannabis and Cannabis Products only. A Cannabis Testing Facility Permittee that
3 holds only an M-License may engage in the Testing of Medicinal Cannabis and Cannabis Products
4 only.

5 (b) **Operating Standards.** In addition to the operating requirements set forth in Section 1618 of
6 this Article 16, a Cannabis Testing Facility shall:

7 (1) Notify the Department of Public Health and Office of Cannabis of any tests where
8 the Cannabis batch fails the testing requirements established by state regulation within five business
9 days of conducting such test. Such notification shall include the name, State license number and local
10 Permit number of the Manufacturer that provided the Cannabis to be tested, and information related to
11 the test results, reason for failure, and any applicable track and trace information;

12 (2) Notify the Office of Cannabis within 24 hours of conducting a test if a sample is
13 found to contain levels of a contaminant not allowable by the State that could be injurious to human
14 health if Consumed. The Office of Cannabis shall provide this information to appropriate City and
15 state departments, including but not limited to the Department of Public Health;

16 (3) Notify the Office of Cannabis within one business day after receipt of notice that
17 accreditation as a Cannabis Laboratory has been denied, suspended or revoked; and

18 (4) Employ at least one full-time employee responsible for quality control.

19
20 **SEC. 1626. CANNABIS DISTRIBUTORS.**

21 (a) **Authorized activities.** A Cannabis Distributor Permit authorizes the Permittee to engage in
22 the Commercial Distribution of Medicinal Cannabis and Adult Use Cannabis, provided that the
23 Permittee is both an A-licensee and an M-licensee. A Cannabis Distributor that holds only an A-
24 license may engage in the Commercial Distribution of Adult Use Cannabis and Cannabis Products
25 only. A Cannabis Distributor that holds only an M-License may engage in the Commercial

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2 Distribution of Medicinal Cannabis and Cannabis Products only.

3 (b) Operating Standards. In addition to the operating requirements set forth in Section 1618 of
4 this Article 16, a Cannabis Distributor shall comply with the following operating standards:

5 (1) A Cannabis Distributor shall inspect all Cannabis and Cannabis Products received
6 by it for quality assurance prior to Distribution.

7 (2) A Cannabis Distributor shall Distribute Cannabis and Cannabis Products by
8 Commercial Vehicle only. Distribution by non-Commercial Vehicles, drones, human powered vehicles,
9 and unmanned vehicles is prohibited.

10
11 **SEC. 1627. CANNABIS MICROBUSINESSES.**

12 (a) Authorized activities. A Cannabis Microbusiness Permit authorizes the Permittee to
13 engage in the Commercial Cultivation, Manufacture, Distribution, and Sale of Medicinal Cannabis and
14 Cannabis Products and Adult Use Cannabis and Cannabis Products, provided that the Permittee is
15 both an A-licensee and an M-licensee. A Cannabis Microbusiness that holds only an A-license may
16 engage in aforementioned Commercial activities relating to Adult Use Cannabis and Cannabis
17 Products only. A Cannabis Microbusiness that holds only an M-License may engage in the
18 aforementioned Commercial activities relating to Medicinal Cannabis and Cannabis Products only.

19 (b) Operating Standards. In addition to the operating requirements set forth in Sections 1618,
20 a Cannabis Microbusiness shall comply with the operating standards set forth in Sections 1623, 1624,
21 1626, and 1628 of this Article 16, and shall comply with the following additional operating standards:

22 (1) A Cannabis Microbusiness shall conduct all four categories of Commercial activity
23 (Cultivation, Manufacture, Distribution, and Sale) on the same Premises.

24 (2) The area on which a Cannabis Microbusiness Cultivates Cannabis must be less than
25 10,000 square feet.

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2 (3) The use of Volatile Solvents by a Cannabis Microbusiness is prohibited.

3
4 **SEC. 1628. STOREFRONT CANNABIS RETAILERS.**

5 **(a) Authorized activities.**

6 (1) A Medicinal Cannabis Retailer permit authorizes the Permittee to engage in the
7 retail Sale of Medicinal Cannabis and Medicinal Cannabis products only.

8 (2) A Cannabis Retailer permit authorizes the Permittee to engage in the retail Sale of
9 both Medicinal and Adult Use Cannabis and Cannabis Products, provided that the Permittee is both an
10 A-licensee and an M-licensee. A Cannabis Retailer Permittee that holds only an A-license may engage
11 in the retail Sale of Adult Use Cannabis and Cannabis Products only. A Cannabis Retailer Permittee
12 that holds only an M-License may engage in the retail Sale of Medicinal Cannabis and Cannabis
13 Products only.

14 (3) A Storefront Cannabis Retailer permit does not authorize the Permittee to engage in
15 the Delivery of Cannabis or Cannabis Products to Customers unless the Director has authorized the
16 Permittee to engage in deliveries, as set forth in Section 1622 of this Article 16.

17 **(b) Operating Standards.** In addition to the operating requirements set forth in Sections 1618,
18 a Storefront Cannabis Retailer shall comply with the following additional operating requirements:

19 (1) A Storefront Cannabis Retailer shall post staff at the point of entry to the Premises
20 to confirm that all Customers who enter are not underage, as set forth in Section 1619 of this Article
21 16.

22 (2) A Storefront Cannabis Retailer must distribute to each Customer at the time of Sale,
23 a fact sheet relating to safe Consumption of Cannabis and Cannabis Products, to be produced by the
24 Department of Public Health.

1
2 (3) A Storefront Cannabis Retailer shall not employ or enter into any agreements with
3 any physicians who recommend Medicinal Cannabis or with any third party that employs physicians
4 who recommend Medicinal Cannabis.

5 (4) A Storefront Cannabis Retailer licensed to sell Adult Use Cannabis shall not Sell
6 more than 28.5 grams of non-concentrated Adult Use Cannabis or eight grams of concentrated Adult
7 Use Cannabis Products to a Customer in the same business day.

8 (5) A Storefront Cannabis Retailer licensed to sell Medicinal Cannabis shall not Sell
9 more than 28.5 grams of non-concentrated Medicinal Cannabis or eight grams of concentrated
10 Medicinal Cannabis Products to a Customer in the same business day, unless the Customer provides a
11 Physician's Recommendation requiring a greater amount.

12 (6) A Storefront Cannabis Retailer shall not:

13 (A) Allow Customers on the Premises during hours of closure;

14 (B) Store Cannabis or Cannabis Products in any location other than on the
15 permitted Premises;

16 (C) Sell Cannabis or Cannabis Products through a drive-up window;

17 (D) Sell Cannabis to any person who is visibly intoxicated;

18 (E) Provide Cannabis or Cannabis Products at no cost or at nominal cost to any
19 person as a prize, premium, or consideration for a lottery, game, or competition of any kind;

20 (F) Give away or Sell pressurized containers of butane or other materials that
21 could be used in the home production of Cannabis extract.

22 (7) All operating standards applicable to Sales of Cannabis and Cannabis Products that
23 are made on the Premises of the Cannabis Business shall apply equally to Sales that are made by Delivery
24 pursuant to Section 1622.

1
2 **SEC. 1629. DELIVERY-ONLY CANNABIS RETAILERS.**

3 **(a) Authorized Activities.**

4 A Delivery-Only Cannabis Retailer permit authorizes the Permittee to engage in the Delivery
5 and Sale of both Medicinal Cannabis and Cannabis Products and Adult Use Cannabis and Cannabis
6 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Delivery-Only
7 Cannabis Retailer Permittee that holds only an A-license may engage in the Delivery and retail Sale of
8 Adult Use Cannabis and Cannabis Products only. A Delivery-Only Cannabis Retailer Permittee that
9 holds only an M-License may engage in the Delivery and retail Sale of Medicinal Cannabis and
10 Cannabis Products only.

11 The Premises of a Delivery-Only Cannabis Retailer must be closed to the public and all Sales
12 must be conducted exclusively by Delivery. A Delivery-Only Cannabis Retailer may not permit entry
13 on to its Premises by Customers.

14 **(b) Operating Standards.** In addition to the operating requirements set forth in Sections 1618,
15 a Delivery-Only Cannabis Retailer shall comply with the following additional operating requirements:

16 (1) A Delivery-Only Cannabis Retailer licensed to sell Adult Use Cannabis shall not
17 Sell more than 28.5 grams on non-concentrated Adult Use Cannabis or eight grams of concentrated
18 Adult Use Cannabis Products to a Customer in the same business day.

19 (2) A Delivery-Only Cannabis Retailer licensed to sell Medicinal Cannabis shall not
20 Sell more than 28.5 grams on non-concentrated Medicinal Cannabis or eight grams of concentrated
21 Medicinal Cannabis Products to a Customer in the same business day, unless the Customer provides a
22 Physician's Recommendation requiring a greater amount.

23 (3) All inventory must be stored on the Premises.

24 (4) A Delivery-Only Cannabis Retailer shall not employ or enter into any agreements
25 with any physicians who recommend Medicinal Cannabis or with any third party that employs

1
2 physicians who recommend Medicinal Cannabis.

3
4 **SEC. 1630. INSPECTIONS.**

5 (a) Any member of the Office of Cannabis, the San Francisco Police Department, the
6 Department of Public Health, the Department of Building Inspection, the Planning Department, and/or
7 any other Referring Department (“Inspecting Departments”) may enter and inspect the Premises of
8 any Cannabis Business, and any vehicle used for the purpose of Distribution or Delivery, at any time
9 during which the Cannabis Business is exercising the privileges authorized by its Cannabis Business
10 permit to determine whether the Cannabis Business is operating in compliance with the provisions of
11 State law or this Article 16.

12 (b) Pursuant to this Section 1630, the Inspecting Departments shall have access to the
13 Cannabis Business Premises, video footage, business records, data, inventory levels and information
14 relating to Customers, vendors, Cannabis Products, plans and agreements (collectively, “Confidential
15 Information”). To the extent Confidential Information is viewed or possessed by an Inspecting
16 Department, the Inspecting Department shall, to the extent authorized by law, keep such Confidential
17 Information confidential, not disclose the Confidential Information to any third parties, and shall only
18 use the Confidential Information for purposes specified in this Article 16 or other laws and regulations
19 of the City related to the City Permittees from whom such Confidential Information has been received.
20 Notwithstanding the foregoing, the City may disclose Confidential Information:

21 (1) As may be required by the California Public Records Act or the San Francisco
22 Sunshine Ordinance, or pursuant to a valid subpoena or court order; or

23 (2) In connection with any City enforcement proceeding relating to compliance with
24 laws applicable to Cannabis Businesses, but only to the extent the Confidential Information is relevant
25 to the proceeding.

1
2 (c) The San Francisco Police Department shall conduct random, onsite sting inspections of
3 Cannabis Retailers to determine compliance with Section 1619 of this Article 16. In conducting these
4 inspections, the Police Department may enlist the assistance of persons under 21 years of age. A
5 person under 21 years of age who participates in these enforcement activities is immune from
6 prosecution under any provision of law prohibiting the purchase of Cannabis or Cannabis Products by
7 a person under 21 years of age.

8
9 **SEC. 1631. NOTICE OF VIOLATION; HEARING AND APPEAL.**

10 (a) If the Director determines that a Cannabis Business is operating in violation of this Article
11 16 and/or the rules and regulations adopted pursuant to this Article, the Director shall issue a Notice
12 of Violation to the Cannabis Business, the owner of real property where the violation occurred, or any
13 other Persons the Director deems responsible for causing the violation.

14 (b) The Notice of Violation shall include the following information:

15 (1) That the Director has made a determination that the Cannabis Business is operating
16 in violation of this Article 16 and/or the rules and regulations adopted pursuant to this Article 16;

17 (2) The alleged acts or failures to act that constitute the basis for the Director's
18 determination;

19 (3) That the Director intends to take enforcement action against the Cannabis Business,
20 owner of real property, or any other Person deemed responsible for causing the violation(s), and the
21 nature of that action, including the administrative penalty and enforcement costs to be imposed,
22 additional conditions on Cannabis Business Permit(s) that may be imposed, and/or the suspension or
23 revocation of Cannabis Business Permit(s);

24 (4) That the Cannabis Business, owner of real property, or any other Person deemed
25 responsible for causing the violation(s) has the right to request a hearing before the Director within 15

1
2 days after the Notice of Violation is mailed, and that the written request for hearing must state facts
3 demonstrating that:

4 (A) If the violation is disputed, the Cannabis Business was operating in
5 compliance with this Article 16 and/or the rules and regulations adopted pursuant to this Article; and

6 (B) Whether or not the violation is disputed, the Cannabis Business is currently
7 operating in compliance with this Article 16 and/or the rules and regulations adopted pursuant to this
8 Article, and has taken reasonable steps to prevent future violations similar to the alleged violation(s),
9 and arranged for the Director to re-inspect the Cannabis Business to confirm such reasonable steps.

10 Where no such showing has been made, any Person or entity served with a notice or order by the
11 Director setting forth the nature of the violation of this Article, such person shall be presumed, in
12 subsequent civil proceedings, not to have corrected such violation.

13 (c) If no request for a hearing is filed with the Director within the appropriate period, or the
14 request for hearing does not include the information required by subsection (b)(4) of this Section 1631,
15 the right to request a hearing shall be deemed waived, and the Director's determination shall become
16 final and effective 15 days after the Notice of Violation was mailed. The Director shall issue an order
17 imposing the enforcement action and mail the order to the Persons served with the Notice of Violation.
18 In subsequent civil proceedings, such violations shall be presumed not to have been corrected. Where
19 no hearing is timely requested, an order suspending, revoking, or imposing additional conditions on a
20 permit is final.

21 (d) Upon a timely request for a hearing that includes the information required by subsection
22 (b)(4) of this Section 1631, the Director shall, within 15 days of the request, notify the requestor of the
23 date, time, and place of the hearing. The Director shall make available to the requestor the
24 photographs and other recorded evidence obtained in support of the Notice of Violation as well as a
25 copy of the report prepared by the Director's designee, if any, to support the Notice of Violation. Such

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2 hearing shall be held no later than 60 days after the Director receives the request, unless time is
3 extended by mutual agreement of the affected parties.

4 (e) The Director shall conduct the hearing, or may designate a hearing officer who shall have
5 the same authority as the Director to hear and decide the case and to make any orders consistent with
6 this Article 16. The Cannabis Business, owner of real property, or other Person(s) deemed responsible
7 for causing the violation(s) may present evidence for consideration, subject to any rules adopted by the
8 Director or hearing officer for the orderly conduct of the hearing. Within 30 days of the conclusion of
9 the hearing, the Director shall serve a written order on the Cannabis Business, owner of real property,
10 or any other Persons deemed responsible for causing the violation(s), stating whether the Notice of
11 Violation has been upheld (in whole or in part), and the enforcement action against each party.

12 (f) If the Director orders the Cannabis Business or other person to pay an administrative
13 penalty and/or enforcement costs, such amount shall be paid within ten days from the mailing of the
14 order; the order shall inform the recipient of such deadline for payment.

15 (g) An order after hearing to suspend or revoke a permit, or to impose additional permit
16 conditions, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the San
17 Francisco Business and Tax Relations Code; such an order after hearing shall inform the recipient of
18 such right to appeal.

19
20 **SEC. 1632. ADMINISTRATIVE PENALTIES AND ENFORCEMENT COSTS.**

21 (a) **Penalty Amounts.** Any Person who violates this Article 16 shall be subject to an
22 administrative penalty imposed by order of the Director, not to exceed \$1,000 for each violation, for
23 each day such violation occurs. However, in the case of a continuing violation, the Director shall not
24 impose a daily administrative penalty for the second and subsequent days of such violation where the
25 Director finds all of the following: (1) In the 12 months preceding issuance of the Notice of Violation,

1
2 the Cannabis Business was not issued a Notice of Violation which was later upheld in whole or in part
3 for a similar violation; (2) In the 12 months preceding issuance of the Notice of Violation, the Cannabis
4 Business was issued no more than 2 Notices of Violation (which were later upheld in whole or in part)
5 for violation of any provision of this Article; (3) The violation occurred notwithstanding that the
6 Cannabis Business was acting in good faith; and (4) The Cannabis Business promptly took reasonable
7 steps to prevent future violations similar to the alleged violation(s), and arranged for the Director to
8 re-inspect the Cannabis Business to confirm such reasonable steps.

9 (b) **Setting Administrative Penalty.** In setting the amount of the administrative penalty, the
10 Director shall consider any one or more of the relevant circumstances presented, including but not
11 limited to the following: the nature and seriousness of the misconduct, the number of violations, the
12 persistence of the misconduct, the length of time over which the misconduct occurred, the willfulness of
13 the responsible party's misconduct, and the responsible party's assets, liabilities, and net worth.

14 (c) **Setting Enforcement Costs.** In any action where a violation is found, the Director shall
15 assess the Office's costs of enforcement against the Cannabis Business or any other Persons the
16 Director finds responsible for causing the violation.

17 (d) **Payment and Collection of Administrative Penalty and Enforcement Costs.** Any
18 administrative penalty and/or enforcement costs assessed under this Article 16 is a debt to the City and
19 County of San Francisco and shall be paid to the Treasurer of the City and County of San Francisco.
20 Any amount paid late shall be subject to an additional late fine of 10% on the unpaid amount. The sum
21 of the unpaid amount and the 10% late fine shall accrue interest at the rate of 1% per month (or
22 fraction thereof) until fully paid; any partial payments made shall first be applied to accrued interest.
23 The City may file a civil action or pursue any other legal remedy to collect such unpaid amount, fine,
24 and interest. In any civil action for collection, the City shall be entitled to obtain a judgment for the
25 unpaid amounts, fine, and interest, and for the costs and attorneys' fees incurred by the City in

1
2 bringing such civil action.

3 (e) Lien for Administrative Penalty. Where an activity or condition on San Francisco real
4 property has caused, contributed to, or been a substantial factor in causing the violation, the Director
5 may initiate proceedings to make any unpaid administrative penalty, enforcement costs, fine, and
6 interest, and all additional authorized costs and attorneys' fees, a lien on the property. Such liens shall
7 be imposed in accordance with Administrative Code Sections 10.230—10.237, or any successor
8 provisions. Before initiating lien proceedings, the Director shall send a request for payment under
9 Administrative Code Section 10.230A.

10
11 **SEC. 1633. PERMIT SUSPENSIONS AND REVOCATIONS.**

12 (a) Grounds for Suspension or Revocation. The Director may revoke or suspend any
13 Cannabis Business permit if the Director finds any of the following circumstances to exist:

14 (1) Facts sufficient to support the denial of such permit on any ground set forth in
15 Section 1615 of this Article 16;

16 (2) The Permittee has refused to permit an inspection of its business Premises or its
17 operations under this Article;

18 (3) The Permittee has engaged in any conduct in connection with the operation of the
19 Cannabis Business that violates this Article 16 and any rules and regulations promulgated by the
20 Director thereto, or the Medicinal and Adult Use Cannabis Regulation and Safety Act, and any
21 regulations promulgated thereto;

22 (4) The Director determines that such Cannabis Business is being managed, conducted,
23 or maintained in a way that threatens the health or safety of clients, employees, or the public at large;

24 (5) The Director finds good cause to suspend or revoke the permit in accordance with
25 Business and Tax Regulations Code Sections 24 and 26;

1
2 (6) An Owner or manager of a Cannabis Business willfully violated this Article:

3 (7) An Owner or manager of a Cannabis Business willfully made a false statement to
4 the Office, or discovered a false statement made to the Office by any employee or agent of the Cannabis
5 Business and failed to immediately correct such statement; or

6 (8) An Owner has been convicted of a controlled substance felony subsequent to the
7 award of a Cannabis Business Permit;

8 (b) The Director may not suspend or revoke a Cannabis Business permit under this Article 16
9 until the Director has issued a Notice of Violation and provided the Cannabis Business an opportunity
10 to be heard and respond as provided in Section 1631 of this Article 16.

11 (c) Notwithstanding subsection (b) of this section 1633, the Director may suspend summarily
12 any Cannabis Business permit issued under this Article 16 when, in the opinion of the Director, the
13 public health or safety requires such summary suspension. The Director shall provide written notice of
14 such summary suspension to the permit holder by hand delivery or registered mail. No more than 3
15 days after written notice of such summary suspension is given, the Director shall issue a Notice of
16 Violation identifying the alleged acts or failures to act that constitute the basis for the summary
17 suspension, and provide the Cannabis Business an opportunity to be heard and respond as provided in
18 Section 1631 as to why the summary suspension should end. However, the time for hearing and
19 decision shall be accelerated as follows: Upon a timely request for a hearing that includes the
20 information required by subsection (b)(4) of Section 1631, the Director shall set any requested hearing
21 within seven days, unless time is extended by mutual agreement of the affected parties; and the Director
22 shall issue a decision on the summary suspension within seven days after hearing.

23
24 **SEC. 1634. ADDITIONAL ADMINISTRATIVE ENFORCEMENT ORDERS.**

25 (a) Order to Cease Operations Without Permit. Upon a determination that any Cannabis

1
2 Business is operating without all valid, effective, and current permits required by this Article, including
3 after a revocation of any such permit or during the suspension of any such permit, the Director shall
4 issue an Order to Cease Operations Without Permit, which shall be posted prominently on the
5 Premises and mailed to the Cannabis Business. Such Order shall state:

6 (1) The required permits which are lacking or suspended;

7 (2) That the Cannabis Business has 72 hours from the time of posting to demonstrate to
8 the Director's satisfaction that the Cannabis Business has the required valid, effective, and current
9 permits;

10 (3) If the Cannabis Business has not made such demonstration within 72 hours, that the
11 Cannabis Business must immediately close until such time as it demonstrates to the Director's
12 satisfaction that the Cannabis Business has the required permits; and

13 (4) If the Cannabis Business fails to close as required by this section, that the Director
14 shall issue an Immediate Closure Order and close the Premises.

15 (b) **Immediate Closure Order.** The Director shall issue an Immediate Closure Order ordering
16 closure of a Cannabis Business under the following circumstances:

17 (1) 72 hours after the issuance of an Order to Cease Operations Without Permit, the
18 Cannabis Business has not demonstrated to the Director's satisfaction that the Cannabis Business has
19 the required permits, and the Cannabis Business nevertheless continues to operate;

20 (2) 24 hours after the suspension or revocation of a permit becomes final, a Cannabis
21 Business continues to operate; or

22 (3) Without delay, after issuance of a summary suspension.

23 (c) **Enforcement.** It is the duty of a Cannabis Business and any person owning or managing a
24 Cannabis Business, to obey all orders issued under this section. To enforce an Immediate Closure
25 Order, the Director shall take such steps as the Director views as reasonable and necessary to enforce

1
2 such order, including but not limited to securing and barricading the Premises. The Director is hereby
3 authorized to call upon the Chief of Police and all other City officers, employees, departments and
4 bureaus to aid and assist the Director in such enforcement, and it shall then be their duty to enforce the
5 provisions of this Article and to perform such duties as may come within their respective jurisdictions.

6 (d) **Enforcement Costs.** Following an Order under this Section 1634, the Director shall issue
7 a separate order assessing the City's costs of enforcement, including the costs incurred by the Office as
8 well as the costs incurred by any other City departments, against the Cannabis Business. Such
9 assessments shall be paid within 10 days of issuance of the separate order. Unpaid amounts shall
10 accrue late fines, penalties, and interest, and may be collected as provided in Section 1632 of this
11 Article 16.

12
13 **SEC. 1635. NUISANCE.**

14 Any building or place used by a Cannabis Business in violation of this Article, or where any
15 Commercial Cannabis Activity occurs in violation of this Article 16, is a nuisance which may be
16 remedied as provided by law, including but not limited to the provisions of Article 3 (commencing with
17 Section 11570) of Chapter 10 of Division 10 of the California Health and Safety Code.

18
19 **SEC. 1636. ENFORCEMENT BY CITY ATTORNEY**

20 (a) The City Attorney may at any time institute civil proceedings for injunctive and monetary
21 relief, including civil penalties, against any Person for violations of this Article 16, without regard to
22 whether the Director has issued a notice of violation, instituted abatement proceedings, scheduled or
23 held a hearing on a notice of violation, or issued a final decision.

24 (b) At any time, the Director may refer a case to the City Attorney's Office for civil
25 enforcement.

1
2 (c) Action for Injunction and Civil Penalty. Any Person that violates any provision of this
3 Article 16 shall be enjoined and shall be subject to a civil penalty in an amount not to exceed \$1,000
4 for each day such violation is committed or permitted to continue, which penalty shall be assessed and
5 recovered in a civil action brought in the name of the people of the City and County of San Francisco
6 by the City Attorney in any court of competent jurisdiction. In assessing the amount of the civil penalty,
7 the court shall consider any one or more of the relevant circumstances presented by any of the parties
8 to the case, including but not limited to, the following: the nature and seriousness of the misconduct,
9 the number of violations, the persistence of the misconduct, the length of time over which the
10 misconduct occurred, the willfulness of the defendant's misconduct, and the defendant's assets,
11 liabilities and net worth.

12 (d) Attorneys fees. The prevailing party in any court case or special proceeding to enforce this
13 Article 16 shall recover reasonable attorneys' fees if the City Attorney elects, at the initiation of the
14 action, to seek recovery of attorneys' fees and provides notice of such intention to the adverse party or
15 parties. In no court case or special proceeding shall an award of attorneys' fees to a prevailing party
16 exceed the amount of reasonable attorneys' fees incurred by the City.

17 (e) Remedies under this Section 1636 are non-exclusive and cumulative to all other remedies
18 available at law or equity.

19
20 **SEC. 1637. UNDERTAKING FOR THE GENERAL WELFARE.**

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

1
2 **SEC. 1638. SEVERABILITY.**

3 If any section, subsection, sentence, clause, phrase, or word of this Article 16, or any
4 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a
5 decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining
6 portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have
7 passed this Article and each and every section, subsection, sentence, clause, phrase, and word not
8 declared invalid or unconstitutional without regard to whether any other portion of this ordinance or
9 application thereof would be subsequently declared invalid or unconstitutional.

10
11 Section 3. Article 19F of the Health Code is hereby amended by revising Sections
12 1009.22 and 1009.23, to read as follows:

13
14 **SEC. 1009.22. PROHIBITING SMOKING IN BUILDINGS, CERTAIN VEHICLES,**
15 **CERTAIN UNENCLOSED AREAS, ENCLOSED STRUCTURES CONTAINING CERTAIN**
16 **USES, AND SPORTS STADIUMS.**

17
18 (a) Smoking is prohibited in buildings and enclosed structures, throughout the building
19 or structure and in the common areas, such as the elevators, hallways, stairways, restrooms,
20 conference and meeting rooms, and eating and break rooms, and certain unenclosed areas
21 that contain any of the facilities or uses set forth below.

22 (1) Facilities owned or leased by the City and County of San Francisco; every
23 commission, department, or agency, with jurisdiction over such property shall adopt
24 regulations or policies implementing the provisions of this Article 19F; provided, however, with
25 respect to facilities located outside the City and County of San Francisco, the regulations or

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2 policies shall prohibit smoking in enclosed areas during all times;

3 (2) Facilities in which the business of any governmental body or agency is
4 conducted, including hearing rooms, courtrooms, or places of public assembly;

5 (3) Polling places;

6 (4) Health facilities, including, but not limited to, hospitals, long term care
7 facilities, doctors' and dentists' offices, inpatient rooms, and outpatient examination and
8 treatment rooms;

9 (5) Educational facilities;

10 (6) Business establishments, except that persons qualifying under California Health
11 and Safety Code Sections 11362.7 et seq. to use medicinal cannabis may smoke medicinal cannabis on
12 the premises of a Medicinal Cannabis Retailer with a valid permit issued by the Office of Cannabis,
13 subject to the limitations set forth in Section 1009.23 of this Article 19F;

14 (7) Nonprofit establishments, ~~except that persons qualifying under California Health~~
15 ~~and Safety Code Section 11362.7 et seq. to use medical marijuana may smoke medical marijuana on~~
16 ~~the premises of a Medical Cannabis Dispensary with a valid permit issued by the Department of Public~~
17 ~~Health under Article 33 of the Health Code;~~

18 (8) Aquariums, galleries, libraries, and museums;

19 (9) Child care facilities, except when located in private homes;

20 (10) Facilities used for exhibiting motion pictures, drama, dance, musical
21 performance, lectures, or other entertainment;

22 (11) Sports arenas; provided, however, that sSubsection (b) shall govern sports
23 stadiums as defined in that subsection;

24 (12) Convention facilities;

25 (13) Restaurants, ~~except that smoking will be allowed in outdoor and sidewalk dining~~

1
2 ~~areas of restaurants until six months after the effective date of this ordinance;~~

3 (14) Bars and Taverns, except for historically compliant semi-enclosed smoking
4 rooms, the portion of an outdoor patio at least ~~ten~~10 feet away from the entry, exit, or operable
5 window of the bar or tavern, or as specified in Section 1009.23(c) or 1009.23(d);

6 (15) Tourist Lodging Facilities;

7 (16) Homeless Shelters, including, but not limited to, the sleeping areas of
8 those buildings;

9 (17) Tobacco Shops, except as specified in Section 1009.23(e);

10 (18) Facilities used to conduct charity bingo games pursuant to California Penal
11 Code Section 326.5, during such times that persons are assembled in the facility in
12 connection with such games; and,

13 (19) Farmers Markets, whether on public or private property.

14 * * * *

15
16 **SEC. 1009.23. EXCEPTIONS.**

17 The following places shall not be subject to this Article 19F:

18 * * * *

19 (f) Medicinal Cannabis Retailers permitted by the Office of Cannabis that submit to the
20 Director all documents required by the Director to demonstrate that the Medicinal Cannabis Retailer
21 previously held a valid permit to operate a Medical Cannabis Dispensary, issued by the Director under
22 Article 33 of the Health Code; had received authorization from the Planning Department to allow
23 smoking on the premises of the Medical Cannabis Dispensary, under Section 202.2(e) of the Planning
24 Code; and meets such ventilation standards as may be established by the Director to protect the health
25 and safety of the Medicinal Cannabis Retailer's employees, neighbors, and customers.

1
2 (1) A Medical Cannabis Retailer that qualifies for an exemption under this subsection
3 (f) may allow the smoking of medicinal cannabis in such indoor area(s) within its premises as may be
4 approved by the Director, but may not allow the smoking of tobacco products or adult use cannabis.

5 (2) A Medicinal Cannabis Retailer that seeks to allow the smoking of medicinal
6 cannabis on its premises pursuant to this subsection (f) shall have three months from the date of receipt
7 of its Cannabis Business Permit to demonstrate compliance with the ventilation standards.

8 (3) This exemption is nontransferable and immediately expires if any of the following
9 occur:

10 (A) There is a change in the ownership interest(s) in the Medicinal Cannabis
11 Retailer, meaning the aggregate change of 50% or more of the ownership of the business within a 12-
12 month period:

13 (B) There are structural alterations made to the area where smoking is approved
14 that are not approved by the Director;

15 (C) The Medicinal Cannabis Retailer is no longer located in the original
16 permitted commercial building; or

17 (D) The Medicinal Cannabis Retailer is found to have permitted smoking of
18 tobacco or nicotine products or adult use cannabis, or to have allowed the smoking of medicinal
19 cannabis in places or by persons not authorized by the Director.

20
21 Section 4. Article 33 of the Health Code is hereby amended by adding new Section
22 3322, to read as follows:

23
24 **SEC. 3322. SUNSET PROVISION.**

25 This Article 33 shall expire by operation of law on March 31, 2018, at which time all permits

1
2 authorizing the operation of a Medical Cannabis Dispensary issued under this Article 33 shall be
3 rendered invalid. Upon expiration of the Article, the City Attorney shall cause it to be removed from
4 the Health Code.

5
6 Section 5. The Business and Tax Regulation Code is hereby amended by revising
7 Article 1, Section 1.77, to read as follows:

8
9 **SEC. 1.77. ~~MEDICAL CANNABIS~~ BUSINESSES DISPENSARIES.**

10 For the establishment, maintenance, and operation of ~~medical cannabis dispensaries~~ by
11 ~~the Department of Public Health~~ Cannabis Businesses by the Office of Cannabis.

12
13 Section 6. The Administrative Code is hereby amended by revising Section 96B.7, to
14 read as follows:

15
16 **SEC. 96B.7. MARIJUANA POLICY REFORM.**

17 ~~(a)~~—It shall be the policy of the City and County of San Francisco to support policies to
18 tax and regulate marijuana for adults.

19 ~~(b)~~—~~Beginning three months after the effective date of this Ordinance and continuing annually~~
20 ~~thereafter, the Clerk of the Board of Supervisors shall send letters to Governor of California, the~~
21 ~~President of the United States, and all elected officials representing San Franciscans in the U.S. House~~
22 ~~of Representatives, the U.S. Senate, the California Assembly and the California Senate. The letters shall~~
23 ~~state, “The Board of Supervisors of the City and County of San Francisco has passed an ordinance to~~
24 ~~deprioritize marijuana offenses by adults, and requests that the Federal and California State~~
25 ~~governments take immediate steps to tax and regulate marijuana use, cultivation, and distribution and~~

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2 *to authorize State and local communities to do the same.” The Clerk shall send this letter annually until*
3 *State and Federal laws are changed accordingly.*
4

5 Section 7. Renumbering of Police Code Article 23 Sections. Sections 1600-1618 of
6 Article 23 of the Police Code shall be renumbered as Sections 23.1-23.19, respectively, and
7 any cross-references in the Municipal Code to existing Sections 1600-1618 shall be
8 renumbered accordingly. These changes are not made for any substantive reason and shall
9 have no substantive effect. The City Attorney shall direct the publisher of the Municipal Code
10 to take all appropriate steps to effectuate this provision.
11

12 Section 8. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor’s veto of the ordinance.
16

17 Section 9. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
19 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
20 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
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additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

By: 
Anne Pearson
Deputy City Attorney

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