

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~~implement~~ an Equity**
9 **Program to promote equitable ownership and employment opportunities in the**
10 **cannabis industry by providing priority permitting for Equity Applicants and Equity**
11 **Incubators, as defined; 3) defining eligibility for temporary and permanent cannabis**
12 **business permits; 4) establishing priorities for the review of cannabis business permit**
13 **applications; 5) establishing operating standards for cannabis businesses; 6)**
14 **establishing criteria for granting, denying, suspending, and revoking cannabis**
15 **business permits; 7) requiring all cannabis businesses to ensure that 50% of work**
16 **hours are performed by San Francisco residents, and cannabis businesses with 10 or**
17 **more employees to adopt labor peace agreements~~incorporating state law governing~~**
18 **~~commercial cannabis activities into local law for enforcement purposes~~; 8) authorizing**
19 **the imposition of fines and penalties for violation of local and state laws governing**
20 **cannabis businesses, and establishing procedures by which cannabis businesses may**
21 **appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on**
22 **the premises of all cannabis businesses, except select Medicinal Cannabis Retailers**
23 **and Cannabis Retailers, as authorized by the Department of Public Health; 10)**
24 **prohibiting the consumption of cannabis and cannabis products, other than by**
25 **smoking or vaping, on the premises of all cannabis businesses, except Storefront**

1 Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits
2 from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of
3 cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing
4 the Director of Cannabis to extend the prohibition on tours, or establish guidelines for
5 the operation of tours; 12) prohibiting the acceptance of new applications for medical
6 cannabis dispensary permits, starting January 1, 2018; 13) prohibiting medical
7 cannabis dispensaries from cultivating cannabis under the authority of a medical
8 cannabis dispensary permit, starting April 1, 2018; 14) establishing a sunset date of
9 December 31, 2018, for Article 33 of the Health Code (“Medical Cannabis Act”); 15)
10 requiring the Department of Public Health to implement an ongoing public health
11 education campaign about the safe consumption and health benefits of cannabis; 16)
12 requiring the Controller to submit a report to the Board of Supervisors within one year
13 of the effective date of Article 16 recommending whether the issuance of cannabis
14 business permits should be subject to any limits; 17) establishing an Equity Operator
15 Fund to receive any monies appropriated for the purpose of assisting Equity
16 Operators; and 185) eliminating the duty of the Clerk of the Board of Supervisors to
17 send letters annually to state and federal officials requesting that cannabis be
18 regulated and taxed; and affirming the Planning Department’s determination under the
19 California Environmental Quality Act.

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

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

1 Section 1. The Planning Department has determined that the actions contemplated in
2 this ordinance comply with the California Environmental Quality Act (California Public
3 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
4 Board of Supervisors in File No. 171042 and is incorporated herein by reference. The Board
5 affirms this determination.

6
7 Section 2. The Police Code is hereby amended by adding Article 16, consisting of
8 Sections 1600 to 16398, to read as follows:

9 **ARTICLE 16: REGULATION OF CANNABIS**

10
11 **SEC. 1600. FINDINGS AND PURPOSE.**

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

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

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

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

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

11 (f) On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation
12 and Safety Act ("MMRSA"), effective January 1, 2016, which established a comprehensive state
13 licensing and regulatory framework for the cultivation, manufacturing, testing, distribution,
14 transportation, dispensing, and delivery of medicinal cannabis, and which recognized the authority of
15 local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to
16 medicinal cannabis. On June 27, 2016, Governor Brown signed into law Senate Bill 837, which
17 amended MMRSA and renamed it the Medical Cannabis Regulation and Safety Act ("MCRSA").

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

23 (h) On November 9, 2016, Mayor Lee issued Executive Directive 16-05, entitled “Implementing
24 Prop 64: Adult Use of Marijuana Act,” directing the Directors of Planning and Public Health, in
25 collaboration with the San Francisco Cannabis State Legalization Task Force and other stakeholders,

1 to lead the process of drafting the legislation required to fully and responsibly implement Proposition
2 64, including ordinances that address land use, local permitting, safety, and youth access.

3 (i) On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis
4 Regulations and Safety Act (MAUCRSA), effective immediately, reconciling MCRSA and Proposition
5 64, unifying the adult-use and medicinal cannabis markets within the same regulatory regime, and
6 making explicit the protection of the public to be the highest priority for all state licensing authorities
7 in exercising their licensing, regulatory, and disciplinary functions under MAUCRSA. Under
8 MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis
9 businesses, including zoning and permitting requirements and prohibitions on certain types of
10 businesses.

11 (j) In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State
12 Legalization Task Force (“the Task Force”) to advise the Board of Supervisors, the Mayor, and other
13 City departments on matters relating to the potential legalization of adult use cannabis. In December
14 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety
15 and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for
16 the City’s policymakers to consider.

17 (k) The Board of Supervisors intends to establish a comprehensive regulatory framework for
18 medicinal cannabis and adult use cannabis. In furtherance of this goal, the Mayor’s FY2017-2018
19 budget, approved by the Board through its enactment of Ordinance No. 156-17, included
20 appropriations for the establishment of an Office of Cannabis to coordinate with City departments and
21 state agencies to develop policies and regulate the local cannabis industry to ensure that local public
22 health, safety, and social justice goals are met. In addition, in July 2017, the City enacted Ordinance
23 No. 168-17, Administrative Code Chapter 2A, Article XXVI, to establish an Office of Cannabis; to
24 authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to
25

1 require the Director to collect permit application and annual license fees following the enactment of an
2 ordinance establishing the amounts of those fees.

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

6 (m) The Board of Supervisors is committed to fostering equitable access to participation in the
7 cannabis industry for San Francisco-based small businesses and individuals by promoting ownership
8 and stable employment opportunities in the industry.

9 (n) Through this Article 16, the Board of Supervisors intends to develop a regulatory
10 framework that: reduces the illegal market for cannabis; minimizes the chances of social harm by
11 protecting and promoting the health of all San Franciscans; limits youth access and exposure to
12 cannabis and cannabis products; ensures safe consumption; maintains the City's progressive clean air
13 policies for residents, businesses, and their employees; creates equitable access to opportunities within
14 the cannabis industry; and creates jobs and tax revenue for the City.

15
16 **SEC. 1601. ADMINISTRATION AND ENFORCEMENT.**

17 (a) This Article 16 shall be administered and enforced by the Office of Cannabis. The Director
18 may adopt rules, regulations, and guidelines to carry out the provisions and purposes of this Article,
19 including, but not limited to: operating guidelines designed to further the goals of reducing the illegal
20 market for Cannabis and Cannabis Products, protecting and promoting the health of all San
21 Franciscans, limiting youth access and exposure to Cannabis and Cannabis Products, ensuring safe
22 consumption of Cannabis and Cannabis Products, and creating equitable access to opportunities
23 within the Cannabis industry; hearing procedures; and standards for the imposition of administrative
24 penalties, permit suspensions and permit revocations.

1 (b) The Director is authorized to enter into agreements with State Licensing Authorities to
2 enforce Division 10 of the California Business and Professions Code and its implementing regulations,
3 consistent with Section 26202 of the California Business and Professions Code.

4
5 **SEC. 1602. DEFINITIONS.**

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

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

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

11 “Adult Use Cannabis” means Cannabis or Cannabis Products intended for adults 21 years of
12 age and over.

13 “Applicant” means an Owner applying for a Cannabis Business Permit under this Article 16.

14 “Bona Fide Order” means an order for the delivery of Cannabis or Cannabis Products to a
15 Customer that includes this information supplied by the Customer: (a) the Customer’s name and date of
16 birth; (b) the date Delivery is requested and the address of the real property where the Customer would
17 like the items Delivered; (c) an itemization of the Cannabis items proposed for Delivery and the
18 amount, quantity, and/or volume of each such item; and (d) a statement that the Cannabis or Cannabis
19 Product is not for the purpose of resale.

20 “Bona Fide Proof of Identity and Age” means: (a) a valid document issued by a federal, state,
21 or local government, or subdivision or agency thereof, including, but not limited to, a valid motor
22 vehicle operator's license, that contains the name, date of birth, description of physical characteristics,
23 and photo of the person; (b) a valid passport issued by the United States or by a foreign government; or
24 (c) a valid identification card issued to a member of the United States Armed Forces that includes a
25 date of birth and a photo of the person.

1 “Business Work Hours” means the total hours worked for a Cannabis Business by all
2 workers, whether those workers are employed by the Cannabis Business or any
3 subcontractor.

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

6 “Cannabis Business” means any of the following: Cannabis Cultivation Facility, Cannabis
7 Manufacturing Facility, Cannabis Testing Facility, Cannabis Distributor, Cannabis Microbusiness,
8 Medicinal Cannabis Retailer, Cannabis Retailer, or Delivery-Only Cannabis Retailer.

9 “Cannabis Business Permit” means a permit to operate a specific type of Cannabis Business
10 issued under this Article 16.

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

14 “Cannabis Cultivation Facility” means a fixed place of business where Cannabis is Cultivated
15 for Commercial purposes.

16 “Cannabis Distributor” means a fixed place of business where Cannabis and/or Cannabis
17 Products are Distributed for Commercial purposes between Cannabis Businesses holding State
18 Cannabis Licenses.

19 “Cannabis Manufacturing Facility” means a fixed place of business where Cannabis Products
20 are Manufactured for Commercial purposes.

21 “Cannabis Microbusiness” means a fixed place of business where Cannabis and/or Cannabis
22 Products are Cultivated, Manufactured, Distributed, and Sold to Customers.

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

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

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

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

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

8 “Commercial” means undertaken for Compensation.

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

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

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

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

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

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

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

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

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

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

8 “Labor Peace Agreement” has the meaning set forth in Section 26001 of the California
9 Business and Professions Code, as may be amended from time to time.

10 “Local Resident” means an individual who is domiciled, as defined by Section 349(b) of
11 the California Election Code, within the City for at least seven days immediately prior to
12 commencing work for a Cannabis Business.”

13 “M-license” 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 “M-licensee” 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 “Manufacture” 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 “Mature Plant” means a Cannabis plant that is flowering.

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

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

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

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

5 “Owner” means any of the following:

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

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

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

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

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

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

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

20 “Premises” 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 “Processing” means the drying, curing, trimming, or packaging of Cannabis. “Processing”
23 does not include the growing, planting, or harvesting of Cannabis.

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

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

6 “Security Plan” means a plan that adequately addresses the safety of persons and property at
7 Cannabis Businesses, developed in consultation with the Police Department, and approved as a
8 condition of the Cannabis Business Permit by the Director.

9 “Sell,” “sale,” and “to sell” have the meaning set forth in Section 26001 of the California
10 Business and Professions Code, as may be amended from time to time.

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

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

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

17 “Storefront Cannabis Retailer” means either of the following: Medicinal Cannabis Retailer or
18 Cannabis Retailer.

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

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

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

1
2 **SEC. 1603. PERMITS REQUIRED.**

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

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

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

8 (3) Any such other licenses, permits, certifications, or registrations that may be
9 required by State or City law.

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

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

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

19
20 **SEC. 1604. EQUITY PROGRAM.**

21 (a) The Director, in consultation with the Human Rights Commission, shall
22 establish~~implement~~ an Equity Program designed to foster equitable access to participation in the
23 cannabis industry, including equitable access to promotional and ownership opportunities in the
24 industry.~~The Equity Program shall be informed by the findings contained in the Equity Report,~~
25 ~~prepared in accordance with subsection (b)(5) of Section 2A.420 of the Administrative Code.~~

1 ~~The Equity Program shall offer priority permit processing and technical assistance to~~
2 ~~Applicants who meet Equity Criteria (“Equity Applicants”) adopted by the Director.~~

3 (b) **Equity Applicants.** The Equity Program shall offer priority permit processing, as
4 provided in Section 1606, to an individual who meets the following Equity Criteria (“Equity
5 Applicant”):

6 (1) Is a natural person;

7 (2) During the period 1971-2009, lived for at least five years, either
8 consecutively or in total, in San Francisco census tracts where at least 17% of the households
9 had incomes at or below the federal poverty level, as determined by the Director;

10 (3) At the time of application, has assets, excluding non-liquid assets and
11 retirement accounts, that do not exceed asset limits established by the Director;

12 (4) Submits an application for a Cannabis Business Permit in any of the
13 following capacities:

14 (A) As the sole owner/operator of the Applicant;

15 (B) As an individual with an ownership interest of at least 40% in the
16 corporate Applicant, and who is also the Chief Executive Officer of the corporate Applicant;

17 (C) As an individual with an ownership interest of at least 51% in the
18 corporate Applicant;

19 (D) As the Executive Director or member of the board of directors of a
20 not-for-profit Applicant where a majority of the members of the board of directors satisfy the
21 requirements of subsections (b)(2), (3), and (5) of this Section 1604; or

22 (E) As an individual with a membership interest in an Applicant formed
23 as a cooperative; and

24 (5) Meets two or more of the following additional criteria:
25

1 (A) At the time of application, is a member of a household that earns no
2 more than 80% of the San Francisco Area Median Income, adjusted for household size;

3 (B) Was arrested or convicted in the state of California during the period
4 1971-2009 for a crime relating to the sale, possession, use, manufacture, or cultivation of
5 cannabis;

6 (C) Was arrested or convicted in the state of California during the period
7 1971-2009 for a nonviolent crime other than a crime relating to the sale, possession, use,
8 manufacture, or cultivation of cannabis;

9 (D) Since 1995, experienced housing insecurity in San Francisco, as
10 evidenced by eviction, foreclosure, or revocation of housing subsidy; or

11 (E) Has a parent, sibling, or child who was convicted in the state of
12 California during the period 1971-2009 for a nonviolent crime, or for a crime relating to the
13 sale, possession, use, manufacture, or cultivation of cannabis.

14 (c) **Equity Incubators.** The Equity Program shall offer priority permit processing, as
15 provided in Section 1606, to Equity Incubators. For purposes of this Article 16, an Equity
16 Incubator is an Applicant that does not qualify as an Equity Applicant, but that submits with its
17 Cannabis Business Permit application a Cannabis Equity Incubator Agreement in which it
18 commits to comply with the following additional operating requirements during its first three
19 years in operation as a Cannabis Business:

20 (1) Ensure that at least 50% of all Business Work Hours are performed by Local
21 Residents. Business Work Hours performed by residents of states other than California shall
22 not be considered in calculation of the number of Business Work Hours to which this
23 requirement applies;

24 (2) Ensure that at least 50% of the Equity Incubator's employees satisfy the
25 requirements of subsections (b)(2), (3), and (5) of this Section 1604;

1 (3) Provide a community investment plan demonstrating engagement with
2 businesses and residents located within 500 feet of the site of the proposed Cannabis
3 Business; and

4 (4) Comply with one of the following additional operating requirements:

5 (A) Provide technical assistance and business mentoring to Equity
6 Applicants who have been awarded Cannabis Business Permits (“Equity Operators”); or

7 (B) Provide an Equity Operator with rent-free commercial space owned
8 or leased by the Equity Incubator in which the Equity Operator conducts its Cannabis
9 Business. The rent-free commercial space must equal or exceed 800 square feet or the
10 equivalent of 10% of the square footage of the Equity Incubator’s Premises.

11
12 **SEC. 1605. TRANSITION PROVISION FOR ACTIVITIES RELATING TO MEDICINAL**
13 **CANNABIS.**

14 *(a) Cannabis Business Registration. The Office of Cannabis shall initiate a Cannabis*
15 *Business Registration Period in order to collect information from Persons wishing to apply for*
16 *Cannabis Business Permits. During the Cannabis Business Registration Period, such Persons shall*
17 *have the opportunity to register with the Office of Cannabis, and to provide such information as may be*
18 *required by the Director, including but not limited to:*

19 *(1) Information regarding the type(s) of Cannabis Business Permit(s) and State*
20 *Cannabis License(s) for which they intend to apply in 2018;*

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

23 *(3) Copies of all applicable licenses, permits, certifications, and registrations issued by*
24 *the City or the State and held by the Owner of the proposed business, including but not limited to*

1 Hazardous materials registrations, site permits, Business Registration Certificates, and/or Seller's
2 Permits; and

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

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

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

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

16 (A) The Owner of the Medical Cannabis Dispensary provides the Office of
17 Cannabis with information identifying the type(s) of Cannabis Business Permits and State Cannabis
18 Licenses for which the Owner intends to apply in 2018, and such other information as may be required
19 by the Director;

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

22 (C) The Owner of the Medical Cannabis Dispensary applies for a Cannabis
23 Business Permit within 30 days of the date that the Office of Cannabis makes such applications
24 available; and

1 (D) The Owner of a Medical Cannabis Dispensary agrees to surrender its
2 Medical Cannabis Dispensary permit to the Department of Public Health upon being awarded a
3 Cannabis Business Permit.

4 (2) A Medical Cannabis Dispensary's permit to operate, as issued under Article 33 of
5 the Health Code, shall expire as a matter of law when it is surrendered to the Department of Public
6 Health, as set forth in subsection (c)(1)(D) of this Section 1605, or upon the sunset of Article 33,
7 whichever occurs sooner.

8 (d) Temporary Medicinal Cannabis Business Permits. The Office of Cannabis shall make
9 applications available for Temporary Medicinal Cannabis Business Permits for all permit categories
10 other than Storefront Cannabis Retailers. In order to be eligible for a Temporary Medicinal Cannabis
11 Business Permit, an Applicant must do all of the following:

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

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

15 (3) Demonstrate that as of September 26, 2017, the Applicant was engaging in
16 Commercial Cannabis Activities relating to Medicinal Cannabis in the City and has continued to
17 engage in such activities without interruption;

18 (4) Demonstrate that the proposed Cannabis Business complies with the Planning
19 Code;

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

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

4 (7) Demonstrate that the proposed Cannabis Business complies with applicable interim
5 health and safety standards developed by the Director in consultation with the Department of Building
6 Inspection, the Fire Department, the Police Department, and the Department of Public Health. The
7 interim health and safety standards shall be sufficient to protect the health and safety of employees,
8 neighbors, and Customers of the proposed Cannabis Business, and to prohibit unlawful access to
9 Cannabis and Cannabis Products by underage individuals and individuals who do not qualify to use
10 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 incomplete, the Director shall advise the
15 Applicant of the deficiencies, and give the Applicant 30 days in which to correct them. If the
16 application is 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 these standards, the Director shall either award, award
19 with conditions, 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 award, award with conditions, or deny a Temporary Medicinal
22 Cannabis Business Permit may be appealed to the Board of Appeals in the manner prescribed in
23 Article 1 of the San Francisco Business 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

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

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

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

21 ~~(a) The Director shall not accept applications for Cannabis Business Permits, other~~
22 ~~than Medicinal Cannabis Retailer permits, until he or she has adopted an Equity Program, as~~
23 ~~set forth in Section 1604 of this Article 16.~~

24 (~~a~~) **Prior to January 1, 2019, the Director shall issue Cannabis Business Permits only to**
25 **Applicants that meet one or more of the following criteria:**

1 (1) Qualify as an Equity Applicant or an Equity Incubator;

2 (2) Possess a valid permit to operate a Medical Cannabis Dispensary issued pursuant
3 to Article 33 of the Health Code;

4 (3) Was issued a Temporary Medicinal Cannabis Business Permit under Section 1605
5 of this Article 16;

6 (4) Has -demonstrated to the Director's satisfaction that the Applicant operated in
7 compliance with the Compassionate Use Act of 1996, and was forced to discontinue operations as a
8 result of federal prosecution or threat of federal prosecution; or

9 (5) Applied for a Medical Cannabis Dispensary Permit prior to September 26, 2017
10 that required referral to and approval by the Planning Commission.

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

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

14 (2) Second priority: applications from Applicants that were operating in compliance
15 with the Compassionate Use Act of 1996 before September 1, 2016 and applications from Equity
16 Incubators;

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

20 (4) Fourth priority: all other applications.

21
22 **SEC. 1607. CANNABIS BUSINESS PERMITS.**

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

25 (1) Cannabis Cultivation Facility;

1 (2) Cannabis Manufacturing Facility;

2 (3) Cannabis Testing Facility;

3 (4) Cannabis Distributor;

4 (5) Cannabis Microbusiness;

5 (6) Medicinal Cannabis Retailer;

6 (7) Cannabis Retailer; and

7 (8) Delivery-Only Cannabis Retailer.

8
9 **SEC. 1608. TRANSFER OF PERMIT; SALE OF CANNABIS BUSINESS; CHANGE IN**
10 **OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.**

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

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

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

1 (1) A Permittee seeking to amend a permit as required under this subsection (c) shall
2 pay the required filing fee for a permit amendment and that portion of the information required for
3 Applicants under Section 1609, as determined by the Director.

4 (2) The Director shall determine within 30 days of the filing of a complete application
5 for a permit amendment under this subsection (c) whether to approve it. The Director shall approve the
6 application unless the Director determines that denial is warranted under any of the grounds set forth
7 in Section 1615. The Director shall notify the Permittee of the Director’s decision electronically and
8 either by mail or personal delivery.

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

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

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

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

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

24
25 **SEC. 1609. PERMIT APPLICATIONS.**

1 (a) Application and Fee Required. Every Applicant for a Cannabis Business Permit shall:

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

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

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

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

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

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

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

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

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

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

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

25 (6) The name and address of the Person authorized to accept service of process;

1 (7) For all Applicants, a complete set of fingerprints in the manner required by the
2 Director for the purpose of conducting a criminal background check, and such additional information
3 concerning the criminal histories of Owners, as may be required by the Director;

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

7 (9) Where the Applicant leases the Real Property, a copy of the lease;

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

10 (11) 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 (12) A copy of the Applicant's business license, as required by Article 2 of the Business
20 and Tax Regulations Code, or where pending, proof of application therefor;

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

23 (14) 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 where pending, proof of application therefor;

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

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

8 (17) Disclosure of all other previous and current Cannabis-related licenses and permits
9 issued by or sought from the City, the State, and any out-of-state jurisdiction, including the date the
10 permit or license was issued or denied, and the name of the permitting or licensing authority;

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

14 (19) A copy of a proposed Good Neighbor Policy, developed in consultation with the
15 Office of Cannabis, under which the Applicant agrees to:

16 (A) Provide to residential and commercial neighbors located within 300 feet of
17 the Cannabis Business the name, phone number, and email address of an onsite manager or community
18 relations staff person who may be contacted concerning any problems associated with operation of the
19 establishment;

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

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

24 (20) A staffing plan that includes an organizational chart, demonstrating the roles and
25 responsibilities of each employee and the reporting structure;

1 (21) A Community Benefits Agreement for consideration by the Director that must, at a
2 minimum:

3 (A) Commit to the development of a First Source Hiring Plan, as set forth in
4 Section 1618 of this Article 16; and

5 (B) Describe the Applicant's employment outreach and recruitment strategies.

6 (22) A Security Plan;

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

9 (24) Documents demonstrating that the Applicant engaged in a Community Outreach
10 Strategy to advise neighbors of its intent to apply for a Cannabis Business Permit and to solicit input
11 on its proposed Good Neighbor Policy. An Applicant's Community Outreach Strategy must, at a
12 minimum, include written notice to neighbors within 300 feet of the Premises of the Applicant's intent
13 to open a Cannabis Business at that location, information about how neighbors may provide input on
14 the content of the Applicant's Good Neighbor Policy, and sign-in sheets and minutes for meetings held
15 with neighbors. All materials and notices developed and distributed to neighbors by the
16 Applicant as part of its Community Outreach Strategy must be translated into the languages
17 required by the Language Access Ordinance, Administrative Code Chapter 91;

18 (25) For Applicants with 10 or more employees, a statement that the Applicant
19 will enter into, or demonstrate that it has already entered into, and abide by the terms of a
20 Labor Peace Agreement;

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

1 (267) A statement signed by the Applicant under penalty of perjury, that the information
2 provided is complete, true, and accurate.

3 **(c) Additional Information Required of Applicants for Cannabis Cultivation Facility permits.**

4 In addition to the information required under subsection (b) of this Section 1609, an Applicant for a
5 Cannabis Cultivation Facility permit shall also submit as part of its application:

6 (1) Copies of all documentation submitted to the State Licensing Authority in support of
7 its application for a State Cannabis License authorizing the Cultivation and/or Processing of
8 Cannabis;

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

12 (3) Information demonstrating the size of the planned Canopy, by square footage of
13 Cultivation and/or Processing area(s), as applicable;

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

16 (5) For Applicants that will engage in the Cultivation of Cannabis, a Cultivation Plan
17 containing such information as may be required by the Director, including but not limited to:

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

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

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

24 (D) A copy of the Applicant’s Hazardous materials plan; and

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

1 (6) For Applicants that will engage in the Cultivation of Cannabis, a Water Plan
2 containing such information as may be required by the Director, including but not limited to:

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

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

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

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

7 (7) For Applicants that will engage in the Processing of Cannabis, an Operations Plan
8 containing such information as may be required by the Director, including but not limited to:

9 (A) Identification of the equipment to be used on the Premises;

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

12 (C) A copy of the Applicant's Hazardous materials plan.

13 (8) A Power Plan containing such information as may be required by the Director,
14 including but not limited to:

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

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

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

19 **(d) Additional Information Required of Applicants for Cannabis Manufacturing Facility**
20 **permits. In addition to the information required under subsection (b) of this Section 1609, an**
21 **Applicant for a Cannabis Manufacturing Facility permit shall also submit as part of its application:**

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

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

1 (A) A detailed description of all processes to be used for the extraction,
2 packaging, and/or infusion of Cannabis;

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

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

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

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

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

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

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

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

19 (4) A Laboratory Operations Plan containing such information as may be required by
20 the Director, including but not limited to:

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

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

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

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

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

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

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

10 (3) A copy of the Applicant's Cannabis Tax Permit, as may be required by Section
11 34014 of the California Revenue and Taxation Code, as may be amended from time to time, or if
12 pending, proof of application therefor.

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

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

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

20 **(h) Additional Information Required of Applicants for Storefront Cannabis Retailer permits.**
21 In addition to the information required under subsection (b) of this Section 1609, an Applicant for a
22 Storefront Cannabis Retailer permit shall also submit as part of its application:

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

1 (2) For Applicants that have held a valid Medical Cannabis Dispensary permit,
2 documentation demonstrating whether the on-site Smoking of Cannabis was prohibited by the Planning
3 Department or Planning Commission.

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

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

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 Retailer's employees, and the public, and to protect against the theft of Cannabis and Cannabis
11 Products;

12 (4) A description of how the Applicant will support the needs of Customers who qualify
13 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,
14 including but not limited to providing space where Customers may speak confidentially with employees
15 of the Cannabis Business, and ensuring a sufficient supply of Medicinal Cannabis and Medicinal
16 Cannabis Products;

17 (5) Indication of whether the Applicant intends to apply for a Cannabis Consumption
18 permit, as set forth in Article 8A of the Health Code, and a description of the type(s) of Consumption
19 that the Applicant proposes to allow on the Premises.

20 (6) If the Applicant intends to Deliver Cannabis or Cannabis Products to Customers,
21 the Applicant shall also provide:

22 (A) Information about the electronic platform, if any, to be used to receive and
23 process orders for Cannabis and/or Cannabis Products;

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

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

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

6 (E) A description of how the Applicant will track drivers and Delivery status.

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

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

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

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

14 **(i) Additional Information Required of Applicants for Delivery-Only Cannabis Retailer**
15 **permits. In addition to the information required under subsection (b) of this Section 1609, an**
16 **Applicant for a Delivery-Only Cannabis Retailer 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 license authorizing the Delivery and Sale of Cannabis and/or Cannabis Products
19 to Customers.

20 (2) A description of how the Applicant will support the needs of Customers who qualify
21 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,
22 including but not limited to ensuring a sufficient supply of Medicinal Cannabis and Medicinal
23 Cannabis Products.

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

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

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

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

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

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

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

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

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

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

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

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

1 (j) Upon receipt of an application for a Medicinal Cannabis Retailer, Cannabis Retailer,
2 or Delivery-Only Cannabis Retailer permit, the Office of Cannabis shall post the name and
3 location of the proposed Cannabis Business on its website, and shall update its website with
4 information about the status of the application until such time as the application has been
5 approved or denied. The Office of Cannabis shall also cause a notice to be posted on the site
6 of the Premises associated with the aforementioned permit applications to notify neighbors
7 that a Cannabis Business Permit is sought at that location.

8
9 **SEC. 1610. WITHDRAWAL OF APPLICATION.**

10 *An Applicant may withdraw an application at any time prior to the Office’s issuance or denial*
11 *of a Cannabis Business Permit. Requests to withdraw an application shall be submitted to the Office in*
12 *writing, dated, and signed by the Person who submitted and signed the application. The Office shall not*
13 *refund application fees for a withdrawn application. An Applicant that has withdrawn an application*
14 *may reapply and pay a new application fee at any time following the withdrawal of an application, but*
15 *such application shall not receive priority review as set forth in subsections (c)(1), (2), and (3) of*
16 *Section 1606.*

17
18 **SEC. 1611. PERMITTEE’S RESPONSIBILITY FOR ACTS OF EMPLOYEES AND**
19 **AGENTS.**

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

24
25 **SEC. 1612. INCORPORATION OF REQUIREMENTS OF LOCAL APPROVALS.**

1 (a) A violation of the terms and conditions of a Cannabis Business Permit shall be treated as a
2 violation of this Article 16.

3 (b) A violation of the terms and conditions imposed on a Cannabis Business by a Referring
4 Department shall be treated as a violation of this Article 16.

5
6 **SEC. 1613. LIMITS ON PERMITS.**

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

11 (b) Except as stated in the first sentence of subsection (a) of this Section 1613, a Person may
12 hold more than one Cannabis Business Permit.

13 (c) The Controller shall track the number of permits that are awarded pursuant to this
14 Article 16. Within one year of the effective date of this Article 16, the Controller shall submit to
15 the Board of Supervisors a report that makes recommendations as to whether the issuance of
16 Cannabis Business Permits should be subject to any numerical, geographical, or other limits.

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

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

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

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

1 deems the application to be incomplete, the Applicant shall supply the information or documentation
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 subsections (c)(1), (2), and (3) 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.

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

19 (1) The Applicant provided materially false information or documents in support of the
20 application.

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

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

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

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

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

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

13 (8) The Applicant is employed by any local or state agency responsible for the
14 regulation of Commercial Cannabis Activities.

15 (9) The Applicant denied access to the Premises to the Office and/or to any Referring
16 Department.

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

20 (e) **Discretionary Grounds for Denial.** The Director may deny an application for a Cannabis
21 Business Permit if the Director finds that:

22 (1) The Applicant or Owner has been convicted of an offense that is substantially
23 related to the qualifications, functions, or duties of the business or profession for which the application
24 is made, except that if the Director determines that the Applicant or Owner is otherwise suitable to be
25 issued a permit, and granting the permit would not compromise public safety, the Director shall

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

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

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

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

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

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

17 (2) Except as provided in subsections (e)(1)(D)-(E) of this Section 1615, a prior
18 conviction, where the sentence, including any term of probation, incarceration, or supervised release,
19 is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of
20 a controlled substance is not considered substantially related, and shall not be the sole ground for
21 denial of a permit.

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

24 (f) In determining whether an Application should be denied on grounds articulated in
25 subsections (d)(1) and (2) of this Section 1615, the Director shall use his or her best efforts to

1 coordinate his or her review of evidence and decision with the State Licensing Authority charged with
2 the review of the Applicant's application for a State Cannabis License.

3
4 **SEC. 1616. PAYMENT OF ANNUAL LICENSE FEE.**

5 The license fee for a Cannabis Business Permit shall be paid annually on or before March 31,
6 in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code. Upon the
7 failure of the Permittee to pay such fees, the permit shall be considered null and void, and therefore
8 inactive as a matter of law, until the Permittee pays the fees and any penalties that might be assessed
9 by the Director.

10
11 **SEC. 1617. COMPLIANCE WITH PERMIT CONDITIONS.**

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

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

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

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

1
2 **SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL**
3 **CANNABIS BUSINESSES.**

4 (a) Every Cannabis Business is required to obtain a business license from the City in
5 compliance with Article 2 of the Business and Tax Regulations Code.

6 (b) Every Cannabis Business is required to obtain a business registration certificate from the
7 City in compliance with Article 12 of the Business and Tax Regulations Code.

8 (c) Every Cannabis Business is required to obtain a State Cannabis License prior to engaging
9 in any Commercial Cannabis Activities.

10 (d) Every Cannabis Business is required to prominently display on its Premises its Cannabis
11 Business Permit, State Cannabis License, Business Registration, and Seller’s Permit, if required to hold
12 a Seller’s Permit.

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

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

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

20 (h) Every Cannabis Business is required to submit a “modification request” to the Office of
21 Cannabis prior to making any change that would materially or substantially alter the Premises from
22 the diagram of the Premises on file with the Office of Cannabis, and shall not make the proposed
23 change absent approval from the Director.

1 (i) Every Cannabis Business is required to use the business name listed on its Cannabis
2 Business Permit when applying for any other permits or licenses relating to the operation of the
3 Cannabis Business, and when applying for a State Cannabis license.

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

9 (k) Every Cannabis Business is required to maintain on the Premises a fire proof safe.

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

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

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

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

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

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

1 (r) None of the following items shall be allowed on the Premises or parking lot of a permitted

2 Cannabis Business:

3 (1) Controlled substances other than Cannabis, except when in the possession or under
4 the control of an individual for whom the controlled substance was prescribed by a licensed physician;
5 and

6 (2) Alcoholic beverages.

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

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

13 (u) The Premises of every Cannabis Business shall be adequately soundproofed or insulated for
14 noise, as may be required by the Planning and/or Building Codes, or by permits issued pursuant to
15 those Codes. Noise generated by fixed-source equipment shall not exceed the decibel levels specified in
16 Article 29 of the Police Code, as may be amended from time to time. Violations of this subsection (u),
17 including noise that exceeds the decibel levels specified in Article 29 of the Police Code, are subject to
18 the penalties set forth in this Article 16.

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

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

1 (x) Every Cannabis Business shall comply with signage controls as established in accordance
2 with the Planning Code.

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

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

10 (aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale
11 distribution of Cannabis or Cannabis Products, or to permit the nonsale distribution of Cannabis or
12 Cannabis Products by any Person on the Premises of the Cannabis Business, except as authorized by
13 state law. For purposes of this subsection (aa), “nonsale distribution” means to give Cannabis or
14 Cannabis Products to the general public or some segment thereof at no cost, or at nominal cost, or to
15 give coupons, coupon offers, or rebate offers for Cannabis or Cannabis Products to the general public
16 or some segment thereof at no cost or at nominal cost.

17 (bb) A Cannabis Business shall conduct an Energy Efficiency Audit Reporting, as may be
18 required by Chapter 20 of the Environment Code.

19 (cc) Every Cannabis Business shall ensure that the electrical power used for Commercial
20 Cannabis Activities shall be procured from or produced by renewable sources, consistent with
21 Renewable Energy Requirements to be adopted by the Director, in consultation with the Director of the
22 Department of the Environment. In adopting Renewable Energy Requirements, the Director shall
23 establish minimum renewable energy requirements that are consistent with the amount of renewable
24 energy contained in CleanPowerSF’s Green Service. A Cannabis Businesses shall also provide to the
25

1 Director and the Department of the Environment an annual report documenting the amount and source
2 of energy consumed by the Business in the prior 12 months.

3 (dd) 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 judgment 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 (ee) 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) The loss or unauthorized alteration of records related to Cannabis or Cannabis
14 Products, registered qualifying patients, primary caregivers, or the employees or agents of the
15 Cannabis Business; and

16 (4) Any other breach of security.

17 (ff) Every Cannabis Business shall ensure that at least 50% of all Business Work
18 Hours are performed by Local Residents. Business Work Hours performed by residents of
19 states other than California shall not be considered in calculation of the number of Business
20 Work Hours to which this requirement applies. The Director of the Office of Cannabis may
21 approve a time-limited waiver or reduction of this requirement, upon a showing by the
22 Cannabis Business that it was unable to locate a sufficient number of qualified Local
23 Residents.

24
25 **SEC. 1619. PROHIBITION ON ENTRY BY AND SALES TO UNDERAGE PERSONS.**

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

5 **(b) Prohibited Sales.**

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

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

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

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

1 **SEC. 1620. CONSUMPTION AND SMOKING OF CANNABIS AND CANNABIS**
2 **PRODUCTS ON THE PREMISES OF CANNABIS BUSINESSES.**

3 (a) The Consumption and Smoking of Cannabis and Cannabis Products are prohibited on the
4 Premises of all Cannabis Manufacturing Facilities, Cannabis Cultivation Facilities, Cannabis Testing
5 Facilities, Cannabis Distributors, and Delivery-Only Cannabis Retailers.

6 (b) The Consumption of Cannabis Products is not prohibited on the Premises of Medicinal
7 Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusiness, provided, however, that all of
8 the following conditions are present:

9 (1) The Cannabis Business has received and maintained a valid Cannabis Consumption
10 Permit from the Department of Public Health, as set forth in Article 8A of the Health Code, authorizing
11 onsite Consumption of Cannabis Products;

12 (2) Access to the area where the Consumption of Cannabis Products is allowed is
13 restricted to persons 21 years of age and older, or persons 18 years of age and older, if the Permitted
14 Businesses is authorized to Sell Medicinal Cannabis and Medicinal Cannabis Products;

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

17 (4) Sale and Consumption of alcohol or Tobacco Products are not allowed on the
18 Premises.

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

25 (d) All Cannabis Businesses shall:

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

4 (2) Post clear and prominent “No Smoking” signs in any area of the Premises where
5 Smoking is prohibited;

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

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

10
11 **SEC. 1621. TOURS.**

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

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

17 (c) For purposes of this Section 1621, a “tour” means an organized or prearranged visit by a
18 member or members of the general public, or segment thereof, whether free or for charge, who wish to
19 view the Premises, learn about its methods of operation, and/or gain insight into the Cannabis industry.

20 A “tour” does not include visits by:

21 (1) Employees of the Cannabis Business;

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

24 (3) Persons authorized to conduct inspections;

25 (4) Persons engaging in law enforcement activities;

1 (5) Persons providing incidental business services, such as repairs or, deliveries; or
2 (6) Persons affiliated with a government agency who have received approval from the
3 Cannabis Business and the Office of Cannabis to conduct a tour of the Cannabis Business.

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

10
11 **SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO**
12 **CUSTOMERS.**

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

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

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

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

1 (3) Orders must be completed by individuals aged 21 or over (with valid California
2 driver's license or Identification card).

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

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

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

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

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

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

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

20 (7) A Cannabis Business may not Deliver more than 28.5 grams of non-concentrated
21 Cannabis or eight grams of concentrated Cannabis Products to the same real property (e.g. apartment
22 unit or house) in the same business day.

23 (8) Cannabis and Cannabis Products that are Delivered to a Customer must:

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

25 (B) Be placed in an opaque child resistant Delivery receptacle.

1 (9) All Cannabis and Cannabis Products shall be kept in a lock-box securely affixed
2 inside the Delivery vehicle.

3 (10) 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, unless a stop is necessary for personal safety.

6 (11) 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 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 (12) A Cannabis Business authorized to engage in Deliveries must Deliver Cannabis
18 and Cannabis Products by Vehicle only. Delivery of Cannabis and Cannabis Products by motorcycles,
19 scooters, drones, 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 and Processing of Medicinal Cannabis and Adult Use Cannabis,
24 provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis Cultivation Facility
25 Permittee that holds only an A-license may engage in the Commercial Cultivation and Processing of

1 Adult Use Cannabis only. A Cannabis Cultivation Facility Permittee that holds only an M-License may
2 engage in the Cultivation and Processing of Medicinal Cannabis only.

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

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

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

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

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

17
18 **SEC. 1624. CANNABIS MANUFACTURING FACILITIES.**

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

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

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

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

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

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

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

19
20 **SEC. 1625. CANNABIS TESTING FACILITIES.**

21 **(a) Authorized activities.** *A Cannabis Testing Facility Permit authorizes the Permittee to*
22 *engage in the Commercial testing of Medicinal Cannabis and Cannabis Products and Adult Use*
23 *Cannabis and Cannabis Products.*

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

1 (1) Notify the Department of Public Health and Office of Cannabis of any tests
2 performed on Cannabis or Cannabis Products Cultivated or Manufactured by a Cannabis Business
3 located in San Francisco where the Cannabis batch fails the testing requirements established by state
4 regulation within five business days of conducting such test. Such notification shall include the name,
5 State license number and local Permit number of the Manufacturer that provided the Cannabis to be
6 tested, and information related to the test results, reason for failure, and any applicable track and trace
7 information;

8 (2) Notify the Office of Cannabis within 24 hours of conducting a test if a sample that
9 was Cultivated, Manufactured, or supplied by a Cannabis Business located in San Francisco is found
10 to contain levels of a contaminant not allowable by the State that could be injurious to human health if
11 Consumed. The Office of Cannabis shall provide this information to appropriate City and state
12 departments, including but not limited to the Department of Public Health;

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

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

16
17 **SEC. 1626. CANNABIS DISTRIBUTORS.**

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

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

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

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

6
7 **SEC. 1627. CANNABIS MICROBUSINESSES.**

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

15 (b) **Operating Standards.** In addition to the operating requirements set forth in Section 1618, a
16 Cannabis Microbusiness shall comply with the operating standards set forth in Sections 1623, 1624,
17 1626, and 1628 of this Article 16, and shall comply with the following additional operating standards:

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

20 (2) The area on which a Cannabis Microbusiness Cultivates Cannabis must be less than
21 10,000 square feet.

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

23
24 **SEC. 1628. STOREFRONT CANNABIS RETAILERS.**

25 (a) **Authorized activities.**

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

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

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

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

14 (1) A Storefront Cannabis Retailer must be operated from a fixed place of business. It
15 may not be operated out of a bus, truck, car, van, or any other mobile location or location that is
16 capable of being mobile.

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

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

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

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

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

8 (7) A Storefront Cannabis Retailer may not:

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

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

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

13 (D) Give away or Sell pressurized containers of butane or other materials that
14 could be used in the home production of Cannabis extract.

15 (8) A Storefront Cannabis Retailer may accept returns of Cannabis and Cannabis
16 Products that were previously sold by the Storefront Cannabis Business, but shall not resell Cannabis
17 or Cannabis Products that have been returned. A Storefront Cannabis Retailer shall treat any
18 Cannabis and Cannabis Products that are abandoned on the Premises as a return. A Storefront
19 Cannabis Retailer shall destroy all Cannabis and Cannabis Products that have been returned as
20 required by the State of California.

21 (9) A Storefront Cannabis Retailer must maintain an electronic age verification device
22 to determine the age of any individual attempting to purchase Cannabis or Cannabis Products, which
23 device shall be used for the Sale of the Cannabis or Cannabis Products to the Customer. The device
24 shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis
25

1 and Cannabis products shall not be sold to a Customer if the electronic age verification device is not
2 functioning.

3 (10) All operating standards applicable to Sales of Cannabis and Cannabis Products that
4 are made on the Premises of the Cannabis Business shall apply equally to Sales that are made by Delivery
5 pursuant to Section 1622.

6
7 **SEC. 1629. DELIVERY-ONLY CANNABIS RETAILERS.**

8 **(a) Authorized Activities.**

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

16 **(b) Only Delivery Authorized.** The Premises of a Delivery-Only Cannabis Retailer must be
17 closed to the public and all Sales must be conducted exclusively by Delivery. A Delivery-Only
18 Cannabis Retailer may not permit entry on to its Premises by Customers.

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

21 (1) A Delivery-Only Cannabis Retailer licensed to sell Adult Use Cannabis may not
22 Sell more than 28.5 grams of non-concentrated Adult Use Cannabis or eight grams of concentrated
23 Adult Use Cannabis Products to a Customer in the same business day.

24 (2) A Delivery-Only Cannabis Retailer licensed to sell Medicinal Cannabis may not Sell
25 more than 28.5 grams of non-concentrated Medicinal Cannabis or eight grams of concentrated

1 Medicinal Cannabis Products to a Customer in the same business day, unless the Customer provides a
2 Physician's Recommendation requiring a greater amount.

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

4 (4) A Delivery-Only Cannabis Retailer may not employ or enter into any agreements
5 with any physicians who recommend Medicinal Cannabis or with any third party that employs
6 physicians who recommend Medicinal Cannabis.

7 (5) A Delivery-Only Cannabis Retailer must provide to all Delivery personnel a remote
8 electronic age verification device to determine the age of any individual attempting to purchase
9 Cannabis or Cannabis Products, which device shall be used upon the Delivery of the Cannabis or
10 Cannabis Products to the Customer. The device shall be maintained in operational condition and all
11 employees shall be instructed in its use. Cannabis and Cannabis products shall not be Delivered to a
12 Customer if the electronic age verification device is not functioning.

13
14 **SEC. 1630. INSPECTIONS.**

15 (a) Any member of the Office of Cannabis, the Police Department, the Department of Public
16 Health, the Department of Building Inspection, the Planning Department, and/or any other Referring
17 Department (collectively, "Inspecting Departments") may enter and inspect the Premises of any
18 Cannabis Business and any vehicle used for the purpose of Distribution or Delivery, to determine
19 whether the Cannabis Business is operating in compliance with State law or this Article 16 (including
20 compliance with conditions on the permit).

21 (b) Pursuant to this Section 1630, the Inspecting Departments shall have access to the
22 Cannabis Business Premises, video footage, business records, data, inventory levels and information
23 relating to Customers, vendors, Cannabis Products, plans and agreements (collectively, "Confidential
24 Information"). To the extent authorized by law, an Inspecting Department shall not disclose
25 Confidential Information to the public, and shall use the Confidential Information only for purposes

1 specified in this Article 16 or other laws and regulations of the City specifically related to the City
2 Permittees from whom such Confidential Information has been received. Notwithstanding the
3 foregoing, the City may disclose Confidential Information:

4 (1) As may be required by the California Public Records Act or the San Francisco
5 Sunshine Ordinance or other state or City law, or pursuant to a valid subpoena or court order; or

6 (2) In connection with any City enforcement proceeding relating to compliance with
7 laws specifically applicable to Cannabis Businesses, but only to the extent the Confidential Information
8 is relevant to the proceeding.

9 (c) The Police Department may conduct random, onsite “sting” operations on the Premises of
10 Cannabis Retailers to determine compliance with Section 1619 of this Article 16. In conducting these
11 inspections, the Police Department may enlist the assistance of persons under 21 years of age.

12
13 **SEC. 1631. NOTICE OF VIOLATION; HEARING AND APPEAL.**

14 (a) If the Director determines that a Cannabis Business is operating in violation of this Article
15 16 (which is deemed in the entirety of this Section 1631 to include a violation of a permit condition
16 and/or a violation of the rules and regulations adopted pursuant to this Article), the Director may issue
17 a Notice of Violation to the Cannabis Business, the owner of real property where the violation
18 occurred, and/or any other Persons the Director deems responsible for causing the violation.

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

20 (1) That the Director has made a determination that the Cannabis Business is operating
21 in violation of this Article 16;

22 (2) The alleged acts or failures to act that constitute the basis for the Director’s
23 determination;

24 (3) That the Director intends to take enforcement action against the Cannabis Business,
25 owner of real property, and/or any other Person deemed responsible for causing the violation(s), and

1 the nature of that action, including the administrative penalty and enforcement costs to be imposed,
2 additional conditions on Cannabis Business Permit(s) that may be imposed, and/or the suspension or
3 revocation of Cannabis Business Permit(s);

4 (4) That the Cannabis Business, owner of real property, and/or any other Person
5 deemed responsible for causing the violation(s) has the right to request a hearing before the Director
6 within 15 days after the Notice of Violation is mailed, and that the written request for hearing must
7 state facts demonstrating that:

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

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

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

17 (c) If no request for a hearing is filed with the Director within the appropriate period, or the
18 request for hearing does not include the information required by subsection (b)(4) of this Section 1631,
19 the right to request a hearing shall be deemed waived, and the Director's determination shall become
20 final and effective 15 days after the Notice of Violation was mailed. The Director shall issue an order
21 imposing the enforcement action and mail the order to the Persons served with the Notice of Violation.
22 In subsequent civil proceedings, such violations shall be presumed not to have been corrected. Where
23 no hearing is timely requested, an order suspending, revoking, or imposing additional conditions on a
24 permit is final. The failure of the Person on whom the Notice of Violation is served to request a
25

1 hearing shall constitute a failure to exhaust administrative remedies and shall preclude the Person
2 from obtaining judicial review of the validity of the enforcement action.

3 (d) Upon a timely request for a hearing that includes the information required by subsection
4 (b)(4) of this Section 1631, the Director shall, within 15 days of the request, notify the requester of the
5 date, time, and place of the hearing. The Director shall make available to the requester the
6 photographs and other recorded evidence obtained in support of the Notice of Violation as well as a
7 copy of the report prepared by the Director's designee, if any, to support the Notice of Violation. Such
8 hearing shall be held no later than 60 days after the Director receives the request, unless time is
9 extended by mutual agreement of the requester and the Director.

10 (e) The Director shall conduct the hearing, or a hearing officer may be designated, who shall
11 have the same authority as the Director to hear and decide the case and make any orders consistent
12 with this Article 16. The Cannabis Business, owner of real property, or other Person(s) deemed
13 responsible for causing the violation(s) may present evidence for consideration, subject to any rules
14 adopted by the Director or hearing officer for the orderly conduct of the hearing. Within 30 days of the
15 conclusion of the hearing, the Director or hearing officer shall render a decision in the form of a
16 written order, which the Director shall promptly serve on the Cannabis Business, owner of real
17 property, or any other Persons charged in the Notice of Violation. The order shall state whether the
18 Notice of Violation has been upheld (in whole or in part), and the enforcement action taken against
19 each party.

20 (f) If the order directs the Cannabis Business, owner of real property, or other person to pay an
21 administrative penalty and/or enforcement costs, such amount shall be paid within ten days from the
22 mailing of the order; the order shall inform the recipient of such deadline for payment.

23 (g) If the order suspends or revokes a permit, or imposes additional permit conditions, it may
24 be appealed to the Board of Appeals in the manner prescribed in Article 1 of the Business and Tax
25 Regulations Code; the order shall inform the recipient of such right to appeal.

1
2 **SEC. 1632. ADMINISTRATIVE PENALTIES AND ENFORCEMENT COSTS.**

3 (a) **Penalty Amounts.** Any Person who violates this Article 16 (which is deemed in the entirety
4 of this Section 1632 to include a violation of a permit condition and/or a violation of the rules and
5 regulations adopted pursuant to this Article) shall be subject to an administrative penalty imposed by
6 order of the Director, not to exceed \$1,000 for each violation, for each day such violation occurs.
7 However, in the case of a continuing violation, the Director shall not impose a daily administrative
8 penalty for the second and subsequent days of such violation where the Director finds all of the
9 following:

10 (1) In the 12 months preceding issuance of the Notice of Violation, the Cannabis
11 Business was not issued a Notice of Violation, which was later upheld in whole or in part, for a similar
12 violation;

13 (2) In the 12 months preceding issuance of the Notice of Violation, the Cannabis
14 Business was issued no more than two Notices of Violation, which were later upheld in whole or in
15 part, for any violation of this Article;

16 (3) The violation occurred notwithstanding that the Cannabis Business was acting in
17 good faith; and

18 (4) The Cannabis Business promptly took reasonable steps to prevent future violations
19 similar to the alleged violation(s), and arranged for the Director to re-inspect the Cannabis Business to
20 confirm such reasonable steps.

21 (b) **Setting Administrative Penalty.** In setting the amount of the administrative penalty, the
22 Director shall consider any one or more of the relevant circumstances presented, including but not
23 limited to the following: the nature and seriousness of the misconduct giving rise to the violation, the
24 number of violations, the persistence of the misconduct, the length of time over which the misconduct
25

1 occurred, the willfulness of the responsible party's misconduct, and the responsible party's assets,
2 liabilities, and net worth.

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

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

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

23
24 **SEC. 1633. PERMIT SUSPENSIONS AND REVOCATIONS.**
25

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

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

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

7 (3) The Permittee has engaged in any conduct in connection with the operation of the
8 Cannabis Business that violates this Article 16 (which is deemed in the entirety of this Section 1633 to
9 include a violation of a permit condition and/or a violation of the rules and regulations adopted
10 pursuant to this Article), or the Medicinal and Adult Use Cannabis Regulation and Safety Act, and any
11 regulations promulgated thereto;

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

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

16 (6) An Owner or manager of the Cannabis Business willfully violated this Article;

17 (7) An Owner or manager of the Cannabis Business willfully made a false statement to
18 the Office, or discovered a false statement made to the Office by any employee or agent of the Cannabis
19 Business and failed to promptly correct such statement; or

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

22 (b) The Director may not suspend or revoke a Cannabis Business Permit under this Article 16
23 until the Director has issued a Notice of Violation and provided the Cannabis Business an opportunity
24 to be heard and respond as provided in Section 1631 of this Article 16. A Cannabis Business whose
25

1 permit has been suspended or revoked must cease operations within 24 hours of the suspension or
2 revocation order being final.

3 (c) Notwithstanding subsection (b) of this section 1633, the Director may suspend summarily
4 any Cannabis Business Permit issued under this Article 16 when, in the judgment of the Director, the
5 public health or safety requires such summary suspension. The Director shall provide written notice of
6 such summary suspension to the permit holder by hand delivery, registered mail, or electronic mail.
7 No more than three days after written notice of such summary suspension is given, the Director shall
8 issue a Notice of Violation identifying the alleged acts or failures to act that constitute the basis for the
9 summary suspension, and provide the Cannabis Business an opportunity to be heard and respond as
10 provided in Section 1631 as to why the summary suspension should end. However, the time for hearing
11 and decision shall be accelerated as follows: Upon a timely request for a hearing that includes the
12 information required by subsection (b)(4) of Section 1631, the Director shall set any requested hearing
13 within seven days, unless time is extended by mutual agreement of the affected parties; and the
14 Director, or a designated hearing officer who shall have the same authority as the Director to hear and
15 decide the case, and make any orders consistent with this Article 16, shall issue a decision on the
16 summary suspension within seven days after hearing.

17 (c) If the Permittee appeals a decision by the Director or hearing officer upholding a summary
18 suspension to the Board of Appeals, the summary suspension shall remain in effect until a final decision
19 is issued by the Board of Appeals. Where a permit is revoked after a summary suspension, the
20 revocation shall be effective immediately and, if the Permittee appeals to the Board of Appeals, shall
21 remain in effect until a final decision is issued by the Board of Appeals.

22
23 **SEC. 1634. ADDITIONAL ADMINISTRATIVE ENFORCEMENT ORDERS.**

24 (a) Order to Cease Operations Without Permit. Upon a determination by the Director that
25 any Cannabis Business is operating without all valid, effective, and current permits required by this

1 Article 16, the Director shall issue an Order to Cease Operations Without Permit, which shall be
2 posted prominently on the Premises and mailed to the Cannabis Business. Such Order shall state:

3 (1) The required permits which are lacking;

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

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

10 (4) If the Cannabis Business fails to close as required by this subsection (a), that the
11 Director shall issue an Immediate Closure Order and close the Premises.

12 (b) Order to Cease Operations without a Permit Inapplicable to Permit Suspensions and
13 Revocations. As set forth in subsection (b) of section 1633, a Cannabis Business whose permit has
14 been suspended or revoked must cease operations within 24 hours of the suspension or revocation
15 order being final. The Director is not required to issue an Order to Cease Operations without a Permit
16 to a Cannabis Business whose Cannabis Business Permit is subject to a final order of suspension or
17 revocation.

18 (c) Immediate Closure Order. The Director shall issue an Immediate Closure Order ordering
19 closure of a Cannabis Business under the following circumstances:

20 (1) 72 hours after the issuance of an Order to Cease Operations Without Permit, the
21 Cannabis Business has not demonstrated to the Director's satisfaction that the Cannabis Business has
22 the required permits, and the Cannabis Business nevertheless continues to operate;

23 (2) 24 hours after the suspension or revocation of a permit becomes final, the Cannabis
24 Business continues to operate;

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

1 (d) **Enforcement.** It is the duty of a Cannabis Business and any person owning or managing a
2 Cannabis Business, to obey all orders issued under this Section 1634. To enforce an Immediate
3 Closure Order, the Director shall take such steps as the Director views as reasonable and necessary to
4 enforce such order, including but not limited to securing and barricading the Premises. The Director
5 is hereby authorized to call upon the Police Department and other departments and bureaus to aid and
6 assist the Director in such enforcement, and it shall then be their duty to enforce the provisions of this
7 Article and to perform such duties as may come within their respective jurisdictions.

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

14
15 **SEC. 1635. NUISANCE.**

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

20
21 **SEC. 1636. ENFORCEMENT BY CITY ATTORNEY.**

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

1 (b) At any time, the Director may refer a case to the City Attorney's Office for civil
2 enforcement, but a referral is not required for the City Attorney to bring a civil action under subsection
3 (a).

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

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

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

21
22 **SECTION 1637. PUBLIC HEALTH EDUCATION CAMPAIGN.**

23 The Department of Public Health shall conduct an ongoing public health education
24 campaign designed to educate the public about the safe consumption and health benefits of
25 cannabis and cannabis products.

1
2 **SEC. 16378. UNDERTAKING FOR THE GENERAL WELFARE.**

3 *In enacting and implementing this Article 16, the City is assuming an undertaking only to*
4 *promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an*
5 *obligation for breach of which it is liable in money damages to any person who claims that such breach*
6 *proximately caused injury. To the fullest extent permitted by law, the City shall assume no liability*
7 *whatsoever, and expressly does not waive sovereign immunity, with respect to the permitting and*
8 *licensing provisions of this Article, or for the activities of any Cannabis Business. To the fullest extent*
9 *permitted by law, any actions taken by a public officer or employee under the provisions of this Article*
10 *shall not become a personal liability of any public officer or employee of the City.*

11
12 **SEC. 16389. SEVERABILITY.**

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

20
21 Section 3. Article 1 of the Business and Regulations Code is amended by revising
22 Section 8, to read as follows:

23
24 **SEC. 8. METHOD OF APPEAL TO THE BOARD OF APPEALS.**

1 Except for variance decisions and permits issued by the Entertainment Commission or
2 its Director, appeals to the Board of Appeals shall be taken within 15 days from the making or
3 entry of the order or decision from which the appeal is taken. Appeals of variance decisions
4 shall be taken within 10 days.

5 Appeals of actions taken by the Entertainment Commission or its Director on the
6 granting, denial, amendment, suspension, or revocation of a permit, or on denial of exceptions
7 from regulations for Extended-Hours Premises Permit, shall be taken within 10 days from the
8 making of the decision. Nothing in this Section is intended to require an appeal to the Board of
9 Appeals if any provision of Article 15, Article 15.1 (Entertainment Regulations Permit and
10 License Provisions) or Article 15.2 (Entertainment Regulations for Extended-Hours Premises)
11 of the Police Code governing these permits otherwise provides. Appeals shall be taken by
12 filing a notice of appeal with the Board of Appeals and paying to said Board at such time a
13 filing fee as follows:

14 * * * *

15 (i) Additional Requirements.

16 (1) Notice of appeal shall be in such form as may be provided by the rules of the
17 Board of Appeals.

18 (2) On the filing of any appeal, the Board of Appeals shall notify in writing the
19 department, board, commission, officer or other person from whose action the appeal is taken
20 of such appeal. On the filing of any appeal concerning a structural addition to an existing
21 building, the Board of Appeals shall additionally notify in writing the property owners of
22 buildings immediately adjacent to the subject building.

23 (3) The Board of Appeals shall fix the time and place of hearing, which shall be
24 not less than 10 nor more than 45 days after the filing of said appeal, and shall act thereon not
25 later than 60 days after such filing or a reasonable time thereafter. In the case of a permit

1 issued by the Entertainment Commission or its Director, the Board of Appeals shall set the
2 hearing not less than 15 days after the filing of said appeal, shall act thereon not more than 30
3 days after such filing, and shall not entertain a motion for rehearing.

4 (4) With respect to any decision of the Board of Appeals related to any "dwelling"
5 in which "protected class members" are likely to reside (each as defined in Administrative
6 Code Chapter 87), the Board of Appeals shall comply with the requirements of Administrative
7 Code Chapter 87 which requires, among other things, that the Board of Appeals not base any
8 decision regarding the development of such units on information which may be discriminatory
9 to any member of a "protected class."

10 (5) Pending decision by the Board of Appeals, the action of such department,
11 board, commission, officer or other person from which an appeal is taken, shall be
12 suspended, except for: (1) actions of revocation or suspension of permit by the Director of
13 Public Health when determined by the Director to be an extreme public health hazard; ~~and~~ (2)
14 actions by the Zoning Administrator or Director of the Department of Building Inspection
15 stopping work under or suspending an issued permit; ~~and~~ (3) actions of suspension or
16 revocation by the Entertainment Commission or the Director of the Entertainment Commission
17 when the suspending or revoking authority determines that ongoing operation of the activity
18 during the appeal to the Board of Appeals would pose a serious threat to public safety; and (4)
19 actions of the Director of the Office of Cannabis awarding a Temporary Medicinal Cannabis Business
20 Permit.

21
22 Section 4. The Health Code is amended by adding new Article 8A, consisting of
23 Sections 8A.1-8A.8, to read as follows:

24
25 **ARTICLE 8A: CANNABIS CONSUMPTION PERMITS**

1
2 **SEC. 8A.1. DEFINITIONS.**

3 (a) Terms not defined in this Article 8A shall have the meaning attributed to them in Section
4 1602 of the Police Code.

5 (b) As used in this Article 8A, the following words or phrases shall mean:

6 “Director” means the Director of the Department of Public Health, or his or her designee.

7 “Permittee” means any person or business to whom a Cannabis Consumption Permit is issued
8 under this Article 8A, and any authorized agent or designee of such person or business.

9 “Pre-packaged Cannabis Product” means a Cannabis Product that is packaged by a cannabis
10 business that holds a valid license from the state of California authorizing it to engage in the
11 distribution or manufacture of Cannabis Products, and that is served to a customer in its original
12 packaging.

13 “Preparing” or “Preparation” means the heating, re-heating, or serving of Cannabis Products,
14 and does not include cooking or infusing.

15
16 **SEC. 8A.2. PERMITS FOR THE ON-SITE CONSUMPTION OF CANNABIS.**

17 It shall be unlawful to allow the Consumption of Cannabis Products on the Premises of a
18 commercial business without obtaining and maintaining:

19 (a) A permit therefor issued by the Department of Public Health; and

20 (b) A Medicinal Cannabis Retailer, Cannabis Retailer, or Cannabis Microbusiness permit
21 issued by the Office of Cannabis; and

22 (c) A State Cannabis License.

23
24 **SEC. 8A.3. CANNABIS CONSUMPTION PERMIT TYPES.**

1 There are two types of permits available for the purpose of legalizing and regulating the
2 Consumption of Cannabis Products on the Premises of commercial businesses:

3 (a) Cannabis Consumption – Prepackaged Cannabis Products – No Preparation. A
4 Permittee in possession of this permit type may allow the on-site Consumption of Pre-Packaged
5 Cannabis Products but may not engage in the Preparation of Cannabis Products.

6 (b) Cannabis Consumption – Limited Preparation of Cannabis Products. A Permittee in
7 possession of this permit type may allow the on-site Consumption of Pre-Packaged Cannabis Products,
8 and may also Prepare and allow the Consumption of Cannabis Products.

9
10 **SEC. 8A.4. PERMIT APPLICATIONS AND AWARDS.**

11 (a) Every applicant for a Cannabis Consumption Permit shall file an application with the
12 Director upon a form provided by the Director and provide such additional information as may be
13 required by the Director, in the exercise of his or her discretion. Every applicant shall pay a non-
14 refundable application fee

15 (b) A person may not file and the Director may not accept an application for a Cannabis
16 Consumption Permit until after the Director has adopted rules, regulations, and/or guidelines to
17 establish the minimum health and safety standards applicable to Permittees, as set forth in Section
18 8A.8.

19 (c) Upon receipt of a complete application, the Director shall refer the application to the
20 Planning Department and Fire Department (the “Referring Departments). The Referring Departments
21 shall determine whether an inspection of the premises is warranted in light of the type of Cannabis
22 Consumption Permit sought and any inspection history at the premises, and shall conduct inspections
23 as may be required. Said departments shall advise the Director in writing whether they recommend
24 approval or denial of the application for the Cannabis Consumption permit, and the basis for that
25 recommendation.

1 (d) Upon review of a complete application and consideration of the recommendations of the
2 Referring Departments, the Director shall either grant or deny a permit, as specified in more detail in
3 subsections (e) and (f) of this Section 8A.4.

4 (e) In granting a permit, the Director may impose conditions as are, in his or her judgment,
5 necessary to protect the health and safety of the Permittee's employees and customers.

6 (f) No Cannabis Consumption permit shall be issued if the Director finds that:

7 (1) The applicant has provided materially false information or documents (which
8 includes omitting material information or documents) in support of the application.

9 (2) The applicant failed to submit a complete application and/or did not provide all of
10 the information required in connection with the application.

11 (3) The applicant has not demonstrated that it can meet the health and safety standards
12 adopted by the Director under Section 8A.8.

13 (4) A Referring Department recommends that the application be denied and states a
14 sound basis for such recommendation.

15 (5) The on-site Consumption of Cannabis Products, if permitted, would not comply with
16 all applicable laws, including but not limited to the Building, Planning, Housing, Police, Fire, and
17 Health Codes, and the Medicinal and Adult Use Cannabis Regulation and Safety Act, 2017 Cal. Legis.
18 Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from time to time.

19
20 **SEC. 8A.5. PAYMENT OF ANNUAL LICENSE FEE.**

21 The license fee for a Cannabis Consumption Permit shall be paid annually on or before March
22 31, in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code.

23
24 **SEC. 8A.6. OPERATING STANDARDS.**

1 (a) No Permittee shall allow the on-site Consumption of Cannabis Products in a manner
2 inconsistent with any permit condition imposed by the Director, or inconsistent with any rules,
3 regulations, or guidelines promulgated by the Director under Section 8A.8.

4 (b) Any employee or agent of the Department of Public Health may enter and inspect the
5 Premises of a Permittee during business hours, without notice.

6 (c) No Permittee shall authorize the on-site Consumption of Cannabis Products outside of the
7 business' operating hours, as such hours may be established by law or regulation or required as a
8 condition of the permit.

9 (d) Permittees shall post one or more notices of sufficient size, lettering, and prominence to
10 advise customers that the Consumption of Cannabis Products on the sidewalk or in other areas
11 adjacent to the Premises is prohibited.

12 (e) Access to the area where the Consumption of Cannabis Products is allowed shall be
13 restricted to persons 21 years of age and older, or persons 18 years of age and older if the Permittee is
14 authorized to Sell Medicinal Cannabis Products.

15 (f) Cannabis Consumption shall not be visible from any public place or any nonage-restricted
16 area on the Premises.

17 (g) The sale and Consumption of alcohol or tobacco products are not allowed on the Premises.

18 (h) A Permittee shall comply with laws governing Cannabis Businesses and retail food
19 establishments, including but not limited to the California Retail Food Code and Article 8 of the Health
20 Code, where applicable.

21
22 **SEC. 8A.7. NOTICE OF VIOLATIONS; HEARING AND APPEAL.**

23 (a) If the Director determines that a Cannabis Business is operating in violation of this Article
24 8A or rules, regulations, or guidelines adopted pursuant to this Article, the Director shall issue a
25 Notice of Violation to the Permittee. The Notice of Violation shall include the following information:

1 the alleged act or failure to act that constitutes the basis for the Director's determination; that the
2 Director intends to take enforcement action against the Permittee, and the nature of that action,
3 specifically, the administrative penalty to be imposed, additional permit conditions to be imposed,
4 and/or suspension or revocation of the permit; and that the Permittee may request a hearing before the
5 Director within 15 days after the Notice of Violation is mailed, to challenge the Director's
6 determination and/or the proposed enforcement action.

7 (b) If no request for a hearing is timely filed with the Director, the right to request a hearing
8 shall be deemed waived, and the Director's determination shall become final and effective 15 days
9 after the Notice of Violation was mailed. The failure of the Person on whom the Notice of Violation is
10 served to request a hearing shall constitute a failure to exhaust administrative remedies and shall
11 preclude the Person from obtaining judicial review of the validity of the enforcement action.

12 (c) Upon a timely request for a hearing, the Director shall, within 15 days of the request, notify
13 the requester of the date, time, and place of the hearing.

14 (d) The Director shall conduct the hearing, or may designate a hearing officer who shall have
15 the same authority as the Director to hear and decide the case.

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

20
21 **SEC. 8A.8. RULES AND REGULATIONS.**

22 (a) The Director shall adopt rules, regulations, and/or guidelines to establish the minimum
23 health and safety standards that businesses must maintain to be eligible to receive and maintain a
24 Cannabis Consumption permit. Such health and safety standards shall be sufficient in the Director's
25 judgment to, among other things: protect the health and safety of consumers and employees of the

1 cannabis business, prevent the ingestion of adulterated Cannabis Products, promote sanitary
2 conditions in the Consumption and Preparation areas, and prevent food-borne diseases that might
3 occur through unsafe food or Cannabis Product handling procedures.

4 (b) The Director may adopt rules, regulations, and guidelines that are not inconsistent with this
5 Article 8A, for the purpose of implementing and enforcing this Article.

6
7 Section 5. Article 19F of the Health Code is hereby amended by revising Sections
8 1009.22 and 1009.23, to read as follows:

9
10 **SEC. 1009.22. PROHIBITING SMOKING IN BUILDINGS, CERTAIN VEHICLES,**
11 **CERTAIN UNENCLOSED AREAS, ENCLOSED STRUCTURES CONTAINING CERTAIN**
12 **USES, AND SPORTS STADIUMS.**

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

17 (1) Facilities owned or leased by the City and County of San Francisco; every
18 commission, department, or agency, with jurisdiction over such property shall adopt
19 regulations or policies implementing the provisions of this Article 19F; provided, however, with
20 respect to facilities located outside the City and County of San Francisco, the regulations or
21 policies shall prohibit smoking in enclosed areas during all times;

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

24 (3) Polling places;

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

4 (5) Educational facilities;

5 (6) Business establishments, ~~except that persons qualifying under California~~
6 ~~Health and Safety Code Sections 11362.7 et seq. to use medicinal cannabis~~ may smoke
7 medicinal cannabis or adult use cannabis on the premises of a Medicinal Cannabis Retailer or a
8 Cannabis Retailer with a valid permit issued by the Office of Cannabis under Article 16 of the Police
9 Code, subject to the limitations set forth in Section 1009.23 of this Article 19F;

10 (7) Nonprofit establishments, except that persons qualifying under California
11 Health and Safety Code Section 11362.7 et seq. to use medical marijuana may smoke
12 medical marijuana on the premises of a Medical Cannabis Dispensary with a valid permit
13 issued by the Department of Public Health under Article 33 of the Health Code prior to
14 September 26, 2017, provided that the medical cannabis dispensary was not prohibited by the Planning
15 Department, the Planning Commission, or the Director of Health from allowing smoking on the
16 premises;

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

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

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

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

23 (12) Convention facilities;

24 (13) Restaurants, ~~except that smoking will be allowed in outdoor and sidewalk dining~~
25 ~~areas of restaurants until six months after the effective date of this ordinance;~~

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

4 (15) Tourist Lodging Facilities;

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

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

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

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

12 * * * *

13
14 **SEC. 1009.23. EXCEPTIONS.**

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

16 * * * *

17 (f) Medicinal Cannabis Retailers and Cannabis Retailers permitted by the Office of
18 Cannabis under Article 16 of the Police Code that submit to the Director all documents required by the
19 Director to demonstrate that the Medicinal Cannabis Retailer or Cannabis Retailer: previously held
20 a valid permit to operate a Medical Cannabis Dispensary, issued by the Director under Article 33 of
21 the Health Code prior to September 26, 2017, at the same location; was not prohibited by the
22 Planning Department or the Planning Commission from allowing smoking on the premises of the
23 Medical Cannabis Dispensary; and meets such ventilation standards as may be established by the
24 Director to protect the health and safety of the Medicinal Cannabis Retailer's or Cannabis Retailer's
25 employees, neighbors, and customers.

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

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

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

11 (A) There is a change in the ownership interest(s) in the Medicinal Cannabis
12 Retailer or Cannabis Retailer, meaning the aggregate change of 50% or more of the ownership of the
13 business;

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

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

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

22
23 Section 6. Article 33 of the Health Code is hereby amended by revising Sections 3301
24 and 3308, and adding new Sections 3322 and 3323, to read as follows:
25

1 **SEC. 3301. DEFINITIONS.**

2 For the purposes of this Article 33:

3 * * * *

4 (f) "Medical cannabis dispensary" means a cooperative or collective of ten or more
5 qualified patients or primary caregivers that facilitates the lawful cultivation and distribution of
6 cannabis for medical purposes and operates not for profit, consistent with California Health &
7 Safety Code Sections 11362.5 et seq., with the Guidelines for the Security and Non-diversion
8 of Marijuana Grown for Medical Use issued by the California Attorney General in August
9 2008, and with this ordinance. A cooperative or collective shall be deemed to be of 10 or more
10 qualified patients or primary caregivers if it distributes cannabis to more than 10 persons during any
11 consecutive 30-day period. A cooperative must be organized and registered as a Consumer
12 Cooperative Corporation under the Corporations Code, Sections 12300, et seq., or a
13 Nonprofit Cooperative Association under the Food and Agricultural Code, Sections 54002, et
14 seq. A collective may be organized as a corporation, partnership, or other legal entity under
15 state law but must be jointly owned and operated by its members. As set forth in Section
16 3308(q), a medical cannabis dispensary may purchase or obtain cannabis only from members
17 of the cooperative or collective and may sell or distribute cannabis only to members of the
18 cooperative or collective. As set forth in Section 3308(c), a medical cannabis dispensary may
19 operate only on a not-for-profit basis and pay only reasonable compensation to itself and its
20 members and pay only reasonable out-of-pocket expenses.

21 * * * *

22
23 **SEC. 3308. OPERATING REQUIREMENTS FOR MEDICAL CANNABIS**
24 **DISPENSARY.**

25 * * * *

1 (bb) A medical cannabis dispensary must be operated from a fixed place of business. It may
2 not be operated out of a bus, truck, car, van, or any other mobile location or location that is capable of
3 being mobile.

4
5 **SEC. 3322. TRANSITION PROVISION.**

6 (a) Notwithstanding any provision in this Article 33, starting January 1, 2018, a person may
7 not file and the Department of Public Health may not accept an application for a medical cannabis
8 dispensary permit.

9 (b) Notwithstanding any provision in this Article 33, starting April 1, 2018, a medical cannabis
10 dispensary is not authorized by this Article 33 to engage in the cultivation of cannabis.

11 (c) For purposes of Section 26050.1 of the California Business and Professions Code, a valid
12 medical cannabis dispensary permit shall serve as a valid license, permit, or other authorization to
13 engage in the retail sale of medicinal cannabis and medicinal cannabis products at the permitted
14 location, but shall not serve as a valid license, permit, or other authorization to engage in the retail
15 sale of adult use cannabis or cannabis products, or the commercial cultivation of cannabis of any kind.

16
17 **SEC. 3323. SUNSET PROVISION.**

18 This Article 33 shall expire by operation of law on December 31, 2018, at which time all
19 permits authorizing the operation of a Medical Cannabis Dispensary issued under this Article 33 shall
20 be rendered invalid. Upon expiration of the Article, the City Attorney shall cause it to be removed from
21 the Health Code.

22
23 Section 7. The Business and Tax Regulations Code is hereby amended by revising
24 Article 1, Sections 1 and 1.77, to read as follows:
25

1 **SEC. 1. DESIGNATING DEPARTMENTS FOR ISSUANCE OF PERMITS.**

2 Permits shall be issued for the location and conduct of the businesses, enterprises, or
3 activities, enumerated hereinafter in Sections 1.1 to 1.76Z, inclusive, by the department or
4 office authorized by Sections 1.1 to 1.76Z, inclusive, and Section 2 of this Article I to issue
5 each such class of permit, and subject to the approval of other departments and offices of the
6 City and County, where specifically designated in any such case; provided that permit or
7 license fees as required by ordinance shall be collected by the Tax Collector as provided in
8 Section 3 of this Article.

9 * * * *

10
11 **SEC. 1.77. ~~MEDICAL CANNABIS~~ BUSINESSES ~~DISPENSARIES~~.**

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

14
15 Section 8. The Administrative Code is hereby amended by revising Section 96B.7, to
16 read as follows:

17
18 **SEC. 96B.7. ~~MARIJUANA~~ CANNABIS POLICY REFORM.**

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

21 ~~(b)~~—~~Beginning three months after the effective date of this Ordinance and continuing annually~~
22 ~~thereafter, the Clerk of the Board of Supervisors shall send letters to Governor of California, the~~
23 ~~President of the United States, and all elected officials representing San Franciscans in the U.S. House~~
24 ~~of Representatives, the U.S. Senate, the California Assembly and the California Senate. The letters shall~~
25 ~~state, “The Board of Supervisors of the City and County of San Francisco has passed an ordinance to~~

1 ~~deprioritize marijuana offenses by adults, and requests that the Federal and California State~~
2 ~~governments take immediate steps to tax and regulate marijuana use, cultivation, and distribution and~~
3 ~~to authorize State and local communities to do the same.” The Clerk shall send this letter annually until~~
4 ~~State and Federal laws are changed accordingly.~~

5
6 Section 9. Renumbering of Police Code Article 23 Sections. Existing Sections 1600-
7 1618 of Article 23 of the Police Code shall be renumbered as new Sections 2300-2318,
8 respectively, and any cross-references in the Municipal Code to existing Sections 1600-1618
9 shall be renumbered accordingly. These changes are not made for any substantive reason
10 and shall have no substantive effect. The City Attorney shall direct the publisher of the
11 Municipal Code to take all appropriate steps to effectuate this provision.

12
13 Section 10. The Administrative Code is amended by adding new Section 10.100-162
14 to Chapter 10, Article XIII, to read as follows.

15
16 **SEC. 10.100-162. Office of Cannabis Equity Operator Fund.**

17 (a) Establishment of Fund. The Equity Operator Fund (“the Fund”) is established as
18 a category six fund to receive any monies appropriated or donated for the purpose of assisting
19 Cannabis Businesses that are owned or managed by individuals who meet the criteria for
20 Equity Applicants set forth in Section 1604 of the Police Code, and Equity Applicants who
21 have been awarded a Cannabis Business Permit by the Office of Cannabis (“Equity
22 Operators”).

23 (b) Use of Fund. The Fund shall be used exclusively by the Director of the Office of
24 Cannabis or his or her designee (“Director”) to provide the following types of assistance to
25 Equity Applicants and Equity Operators:

1 (1) Providing access to technical assistance, mentoring, and business
2 consulting services;

3 (2) Financing capital improvements, construction, renovations, and leasehold
4 improvements; and

5 (3) Providing access to legal services relating to the operation of the Cannabis
6 Business.

7 (c) **Disbursement.** The Director shall authorize disbursements to eligible Equity
8 Applicants and Equity Operators on a case-by-case basis in accordance with the policy
9 adopted pursuant to subsection (d).

10 (d) **Administration of Fund.** By no later than April 1, 2018, the Director shall adopt a
11 policy for implementation of this Section 10.100-162, which the Director may modify from time
12 to time as the Director deems necessary or appropriate.

13 (e) **Annual Report.** The Director shall submit an annual written report to the Mayor,
14 the Board of Supervisors, and the Controller within the first two weeks of July, showing for the
15 prior fiscal year donations or appropriations received, the nature and amount of such
16 donations or appropriations, and the disposition thereof, together with a description of the
17 individual payments made from the Fund.

18
19 Section 101. Effective Date. This ordinance shall become effective 30 days after
20 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
21 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
22 of Supervisors overrides the Mayor's veto of the ordinance.

23
24 Section 142. Scope of Ordinance. In enacting this ordinance, the Board of
25 Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections,

1 articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the
2 Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board
3 amendment additions, and Board amendment deletions in accordance with the "Note" that
4 appears under the official title of the ordinance.

5

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

8 By: _____
9 Anne Pearson
Deputy City Attorney

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