

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 ten 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;~~ 9) allowing**
24 **pre-existing non-conforming cannabis operators to register with the Office of Cannabis**
25 **and apply for cannabis business permits in 2018; 10) prohibiting the consumption of**

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

23 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
24 **Additions to Codes** are in *single-underline italics Times New Roman font*.
25 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.

1 states and local law enforcement agencies to address cannabis activity through enforcement of their
2 own narcotics laws.

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

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

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

1 (h) On November 9, 2016, Mayor Lee issued Executive Directive 16-05, entitled “Implementing
2 Prop 64: Adult Use of Marijuana Act,” directing the Directors of Planning and Public Health, in
3 collaboration with the San Francisco Cannabis State Legalization Task Force and other stakeholders,
4 to lead the process of drafting the legislation required to fully and responsibly implement Proposition
5 64, including ordinances that address land use, local permitting, safety, and youth access.

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

14 (j) In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State
15 Legalization Task Force (“the Task Force”) to advise the Board of Supervisors, the Mayor, and other
16 City departments on matters relating to the potential legalization of adult use cannabis. In December
17 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety
18 and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for
19 the City’s policymakers to consider.

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

1 No. 168-17, Administrative Code Chapter 2A, Article XXVI, to establish an Office of Cannabis; to
2 authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to
3 require the Director to collect permit application and annual license fees following the enactment of an
4 ordinance establishing the amounts of those fees.

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

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

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

17
18 **SEC. 1601. ADMINISTRATION AND ENFORCEMENT.**

19 (a) This Article 16 shall be administered and enforced by the Office of Cannabis. The Director
20 may adopt rules, regulations, and guidelines to carry out the provisions and purposes of this Article,
21 including, but not limited to: operating guidelines designed to further the goals of reducing the illegal
22 market for Cannabis and Cannabis Products, protecting and promoting the health of all San
23 Franciscans, limiting youth access and exposure to Cannabis and Cannabis Products, ensuring safe
24 consumption of Cannabis and Cannabis Products, and creating equitable access to opportunities
25

1 within the Cannabis industry; hearing procedures; and standards for the imposition of administrative
2 penalties, permit suspensions and permit revocations.

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

6
7 **SEC. 1602. DEFINITIONS.**

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

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

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

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

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

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

1 (c) a valid identification card issued to a member of the United States Armed Forces that includes a
2 date of birth and a photo of the person.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “Commercial” means undertaken for Compensation.

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

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

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

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

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

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

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

25

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

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

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

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

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

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

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

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

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

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

24 “Medical Cannabis Dispensary” means a cooperative or collective operating under the
25 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 “Pre-Existing Non-Conforming Operator” means a Cannabis Business that engaged in
21 Commercial Cannabis Activities as of September 26, 2017, in a location where such activities
22 were not authorized by or consistent with the Planning Code.

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

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

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

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

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

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

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

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

19 “Storefront Cannabis Retailer” means either of the following: Medicinal Cannabis Retailer or
20 Cannabis Retailer.

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

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

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

3
4 **SEC. 1603. PERMITS REQUIRED.**

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

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

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

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

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

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

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

21
22 **SEC. 1604. EQUITY PROGRAM.**

23 (a) The Director, in consultation with the Human Rights Commission, shall
24 establish~~implement~~ an Equity Program designed to foster equitable access to participation in the
25 cannabis industry, including equitable access to promotional and ownership opportunities in the

1 ~~industry.~~ The Equity Program shall be informed by the findings contained in the Equity Report,
2 prepared in accordance with subsection (b)(5) of Section 2A.420 of the Administrative Code.
3 The Equity Program shall offer priority permit processing and technical assistance to
4 Applicants who meet Equity Criteria (“Equity Applicants”) adopted by the Director.

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

8 (1) Is a natural person;

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

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

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

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

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

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

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

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

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

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

4 (B) Was arrested or convicted in the state of California during the period
5 1971-2009 for a crime, provided the arrest or conviction meets any of the criteria set forth in
6 subsection (a) of Section 4904 of the Police Code relating to the sale, possession, use,
7 manufacture, or cultivation of cannabis;

8 (C) Was arrested or convicted in the state of California during the period
9 1971-2009 for a nonviolent crime other than a crime relating to the sale, possession, use,
10 manufacture, or cultivation of cannabis;

11 (DC) Since 1995, experienced housing insecurity in San Francisco, as
12 evidenced by eviction, foreclosure, or revocation of housing subsidy; or

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

16 (FE) Attended a school under the jurisdiction of the San Francisco
17 Unified School District for 5 years, either consecutively or in total, during the period 1971-
18 2009.

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

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

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

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

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

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

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

17
18 **SEC. 1605. TRANSITION PROVISION FOR ACTIVITIES RELATING TO MEDICINAL**
19 **CANNABIS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (4) Demonstrate that the proposed Cannabis Business complies with the Planning
24 Code;

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

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

9 (7) Demonstrate that the proposed Cannabis Business complies with applicable interim
10 health and safety standards developed by the Director in consultation with the Department of Building
11 Inspection, the Fire Department, the Police Department, and the Department of Public Health. The
12 interim health and safety standards shall be sufficient to protect the health and safety of employees,
13 neighbors, and Customers of the proposed Cannabis Business, and to prohibit unlawful access to
14 Cannabis and Cannabis Products by underage individuals and individuals who do not qualify to use
15 Medicinal Cannabis.

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

1 **(f) Appeal of Denial of Application for Temporary Medicinal Cannabis Business Permit.**

2 *The decision of the Director to award, award with conditions, or deny a Temporary Medicinal*
3 *Cannabis Business Permit may be appealed to the Board of Appeals in the manner prescribed in*
4 *Article 1 of the San Francisco Business and Tax Regulations Code.*

5 **(g) Activities Authorized by Temporary Medicinal Cannabis Business Permit. A Temporary**

6 *Medicinal Cannabis Business Permit issued under this Section 1605 shall authorize the Permittee to*
7 *engage in all of the activities authorized by a Cannabis Business Permit of the same category, as set*
8 *forth in Sections 1623 - 1629 of this Article 16; provided, however, that a Temporary Medicinal*
9 *Cannabis Business Permit shall not authorize the Permittee to engage in any Commercial Cannabis*
10 *Activities relating to Adult Use Cannabis or Adult Use Cannabis Products.*

11 **(h) Duration. A Temporary Medicinal Cannabis Business Permit issued under this Section**

12 *1605 shall be valid for a period of 120 days and may be extended for additional 90-day periods at the*
13 *discretion of the Director. Notwithstanding the prior sentence, the Director shall not issue a new*
14 *temporary permit after January 1, 2019, and shall not extend the term of a Temporary Cannabis*
15 *Business Permit past January 1, 2019.*

16 **(i) Temporary Medicinal Cannabis Business Permit does not guarantee rights regarding a**

17 **permanent permit.** *A Temporary Cannabis Business Permit does not obligate the Director to issue a*
18 *permanent permit pursuant to Section 1615 of this Article 16, or create a vested right in the holder to*
19 *either an extension of the temporary permit or to the granting of a subsequent permanent permit.*

20 **(j) Duty to apply for permanent permit. A Person that is awarded a Temporary Medicinal**

21 *Cannabis Business Permit under this Section 1605 must apply for a Cannabis Business Permit, as set*
22 *forth in Section 1606, within 30 days of when the Office of Cannabis makes applications for such*
23 *permits available. The Director shall not accept applications for Temporary Medicinal Cannabis*
24 *Business Permits after making applications for Cannabis Business Permits available.*

1 (k) Registration of Pre-Existing Non-Conforming Operators. A Pre-Existing Non-
2 Conforming Operator shall be eligible to receive technical assistance and apply for a
3 Cannabis Business Permit, as set forth in Section 1606 of this Article 16, provided it registers
4 with the Office of Cannabis during the Cannabis Business Registration Period and provides
5 the following information and documentation:

6 (1) Information regarding the type(s) of Commercial Cannabis Activities that the
7 operator conducts;

8 (2) Information regarding the type(s) of Cannabis Business Permit(s) and State
9 Cannabis License(s) for which the operator intends to apply in 2018;

10 (3) Demonstration that as of September 26, 2017, the operator was engaging in
11 Commercial Cannabis Activities relating to Medicinal Cannabis in the City;

12 (4) Copies of all applicable licenses, permits, certifications, and registrations
13 issued by the City or the State and held by the Owner of the proposed business, including but
14 not limited to Hazardous materials registrations, site permits, Business Registration
15 Certificates, and/or Seller's Permits;

16 (5) An affidavit or declaration made under penalty of perjury by an Owner
17 certifying that the Pre-Existing Non-Conforming Operator will not engage in Commercial
18 Cannabis Activities in a location where such activities are not authorized by or consistent with
19 the Planning Code; and

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

22
23 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

24 (a) The Director shall not accept applications for Cannabis Business Permits, other
25 than Medicinal Cannabis Retailer permits, until he or she has adopted an Equity Program, as

1 set forth in ~~Section 1604 of this Article 16.~~

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

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

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

7 (3) ~~Was~~ issued a Temporary Medicinal Cannabis Business Permit under Section
8 1605 of this Article 16;

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

12 (5) Applied for a Medical Cannabis Dispensary Permit prior to September 26, 2017
13 that required referral to and approval by the Planning Commission; ~~or~~

14 (6) Registered with the Office of Cannabis as a Pre-Existing Non-Conforming
15 Operator, as set forth in subsection (k) of Section 1605 of this Article 16.

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

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

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

22 (3) Third priority: applications from Applicants, including Pre-Existing Non-
23 Conforming Operators, that were operating in compliance with the Compassionate Use Act of
24 1996 before September 1, 2016;

1 ~~(34)~~ Fourth priority: applications that demonstrate a commitment on the part of
2 the Applicant to provide benefits to the community in which the Cannabis Business is located, including
3 but not limited to workforce opportunities and community benefits contributions; and

4 ~~(45)~~ Fifth priority: all other applications.

5
6 **SEC. 1607. CANNABIS BUSINESS PERMITS.**

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

9 (1) Cannabis Cultivation Facility;

10 (2) Cannabis Manufacturing Facility;

11 (3) Cannabis Testing Facility;

12 (4) Cannabis Distributor;

13 (5) Cannabis Microbusiness;

14 (6) Medicinal Cannabis Retailer;

15 (7) Cannabis Retailer; and

16 (8) Delivery-Only Cannabis Retailer.

17
18 **SEC. 1608. TRANSFER OF PERMIT; PORTABILITY OF PERMIT; SALE OF**
19 **CANNABIS BUSINESS; CHANGE IN OWNERSHIP; INTERIM CANNABIS BUSINESS**
20 **PERMITS.**

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

23 (b) **Permits Portable.** A Cannabis Business Permittee that closes its Cannabis
24 Business may retain its Cannabis Business Permit for up to 18 months from the date of

1 closure, and may conduct Commercial Cannabis Activities under that permit at a different
2 Premises provided:

3 (A) There is no change in ownership;

4 (B) The Referring Departments complete all necessary review and inspections
5 of the new Premises, and report their determinations to the Office of Cannabis;

6 (C) The Permittee demonstrates that the new Premises complies with the
7 requirements of this Article 16 and the Planning Code; and

8 (D) The Director finds that there are no grounds for denial of a Cannabis
9 Business Permit, as set forth in subsections (d)-(e) of Section 1615 of this Article 16.

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

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

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

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

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

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

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

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

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

21
22 **SEC. 1609. PERMIT APPLICATIONS.**

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

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

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

3 (3) Pay a non-refundable application fee, unless the Applicant is eligible for a fee
4 waiver or reduction, as authorized by ordinance.

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

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

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

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

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

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

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

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

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

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
20 Business and Tax Regulations Code, or where pending, proof of application therefor; For
21 Applicants with 10 or more employees, a statement that the Applicant will enter into, or
22 demonstrate that it has already entered into, and abide by the terms of a Labor Peace
23 Agreement;

24 (13) A copy of the Applicant's business registration certificate, as required by Article
25 12 of the Business and Tax Regulations Code, or where pending, proof of application therefor;

1 (14) A copy of the Applicant’s Seller’s Permit, as may be required by Section 6067 of
2 the California Revenue and Taxation Code, or where pending, proof of application therefor;

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

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

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

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

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

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

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

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

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

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

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

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

10 (22) A Security Plan;

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

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

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

25 ~~(2565) Such further information as the Director requires regarding financial and lease~~

1 arrangements, management authority, operational control of the Business or its Premises, or other
2 matters, when such further information will assist the Director in his/her determination whether to
3 grant or deny the permit; and

4 (2676) A statement signed by the Applicant under penalty of perjury, that the
5 information provided is complete, true, and accurate.

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

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

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

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

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

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

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

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

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

25 (C) A list of any Hazardous materials to be stored on the Premises, and the

1 quantities thereof;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (3) A copy of the Applicant's Cannabis Tax Permit, as may be required by Section
15 34014 of the California Revenue and Taxation Code, as may be amended from time to time, or if
16 pending, proof of application therefor.

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

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

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

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

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

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

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

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

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

11 (B) A description of where and when shipments of Cannabis and Cannabis
12 Products will be received, and the security measures that will be implemented to ensure the safety of
13 the Retailer’s employees, and the public, and to protect against the theft of Cannabis and Cannabis
14 Products;

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

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

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

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

1 process orders for Cannabis and/or Cannabis Products;

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

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

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

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

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

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

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

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

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

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

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

1 Cannabis Products.

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

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

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

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

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

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

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

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

21 (H) A statement signed by the Applicant affirming that the Applicant:
22 (i) Will provide training to all Delivery employees concerning the laws
23 governing Sales and Deliveries of Cannabis and Cannabis products;

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

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

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

10
11 **SEC. 1610. WITHDRAWAL OF APPLICATION.**

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

19
20 **SEC. 1611. PERMITTEE'S RESPONSIBILITY FOR ACTS OF EMPLOYEES AND**
21 **AGENTS.**

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

1
2 **SEC. 1612. INCORPORATION OF REQUIREMENTS OF LOCAL APPROVALS.**

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

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

7
8 **SEC. 1613. LIMITS ON PERMITS.**

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

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

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

19
20 **SEC. 1614. REFERRAL OF APPLICATION TO DEPARTMENTS AND AGENCIES.**

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

24
25 **SEC. 1615. ISSUANCE AND DENIAL OF CANNABIS BUSINESS PERMITS.**

1 (a) After reviewing an Applicant’s application, the Director shall notify the Applicant in
2 writing that the application is complete and accepted for further review, or incomplete. If the Director
3 deems the application to be incomplete, the Applicant shall supply the information or documentation
4 that is required for the application to be deemed complete. The Applicant shall have 90 days from the
5 date that the Director provides notification that the application is incomplete to provide all required
6 information and/or documentation. If the Applicant does not provide such information within 90 days,
7 the application will be deemed abandoned and will not receive further consideration. Applicants that
8 abandon an application may submit a new one, subject to payment of a new application fee.
9 Applicants that submit an ~~A~~application following the abandonment of an earlier ~~A~~application shall not
10 receive priority review, as set forth in subsections ~~(eb)~~(1), (2), and (3) of Section 1606.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (11) The Planning Department or Planning Commission determines that the
22 Applicant engaged in Commercial Cannabis Activities in a location that was not authorized by
23 or consistent with the Planning Code.

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

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

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

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

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

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

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

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

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

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

7
8 **SEC. 1616. PAYMENT OF ANNUAL LICENSE FEE.**

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

14
15 **SEC. 1617. COMPLIANCE WITH PERMIT CONDITIONS.**

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

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

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

1 any good cause.

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

5
6 **SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL**
7 **CANNABIS BUSINESSES.**

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

10 (b) ~~Every Cannabis Business is required to obtain a business registration certificate~~
11 from the City in compliance with Article 12 of the Business and Tax Regulations Code. ~~Every~~
12 Cannabis Business is required to have paid all outstanding taxes and fees, including any
13 related penalties and interest, owed to the City, and is required to have obtained a business
14 registration certificate from the City in compliance with Article 12 of the Business and Tax
15 Regulations Code.

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

18 (d) Every Cannabis Business is required to prominently display on its Premises its Cannabis
19 Business Permit, State Cannabis License, Business Registration, and Seller's Permit, if required to hold
20 a Seller's Permit.

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

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

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

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

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

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

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

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

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

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

1 (o) No Cannabis Business that is an A-licensee may employ an individual who is not at least
2 21 years of age. No Cannabis Business that is an M-licensee may employ an individual who is
3 not at least 18 years of age. Where a Cannabis Business is both an A-licensee and an M-
4 licensee, it may not employ an individual who is not at least 21 years of age.

5 (p) Every Cannabis Business is required to comply with all aspects of the state’s “Track and
6 Trace” program, as set forth in Section 26067 of the California Business and Professions Code, as may
7 be amended from time to time.

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

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

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

17 (2) Alcoholic beverages.

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

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

24 (u) The Premises of every Cannabis Business shall be adequately soundproofed or insulated for
25 noise, as may be required by the Planning and/or Building Codes, or by permits issued pursuant to

1 those Codes. Noise generated by fixed-source equipment shall not exceed the decibel levels specified in
2 Article 29 of the Police Code, as may be amended from time to time. Violations of this subsection (u),
3 including noise that exceeds the decibel levels specified in Article 29 of the Police Code, are subject to
4 the penalties set forth in this Article 16.

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

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

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

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

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

20 (aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale
21 distribution of Cannabis or Cannabis Products, or to permit the nonsale distribution of Cannabis or
22 Cannabis Products by any Person on the Premises of the Cannabis Business, except as authorized by
23 state law. For purposes of this subsection (aa), "nonsale distribution" means to give Cannabis or
24 Cannabis Products to the general public or some segment thereof at no cost, or at nominal cost, or to
25

1 give coupons, coupon offers, or rebate offers for Cannabis or Cannabis Products to the general public
2 or some segment thereof at no cost or at nominal cost.

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

5 (cc) Every Cannabis Business shall ensure that the electrical power used for Commercial
6 Cannabis Activities shall be procured from or produced by renewable sources, consistent with
7 Renewable Energy Requirements to be adopted by the Director, in consultation with the Director of the
8 Department of the Environment. In adopting Renewable Energy Requirements, the Director shall
9 establish minimum renewable energy requirements that are consistent with the amount of renewable
10 energy contained in CleanPowerSF's Green Service. A Cannabis Businesses shall also provide to the
11 Director and the Department of the Environment an annual report documenting the amount and source
12 of energy consumed by the Business in the prior 12 months.

13 (dd) Every Cannabis Business shall advise the Director and the applicable State Licensing
14 Authority in writing of the following events within 48 hours of:

15 (1) Receiving a criminal penalty or civil judgment rendered against the Permittee; or

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

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

20 (1) Significant discrepancies identified during inventory;

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

23 (3) The loss or unauthorized alteration of records related to Cannabis or Cannabis
24 Products, registered qualifying patients, primary caregivers, or the employees or agents of the
25 Cannabis Business; and

1 (4) Any other breach of security.

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

9
10 **SEC. 1619. PROHIBITION ON ENTRY BY AND SALES TO UNDERAGE PERSONS.**

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

15 (b) Prohibited Sales.

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

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

23 (c) Positive Bona Fide Proof of Identity Required. No Storefront Cannabis Retailer,
24 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer may Sell Cannabis or Cannabis
25 Products to any Customer without first examining the Customer's Bona Fide Proof of Age and Identity

1 to confirm that the Customer is at least the minimum age under state law to purchase and possess the
2 Cannabis or Cannabis Product. Review of a Customer's Bona Fide Proof of Age must be performed by
3 an employee of the Permittee, in the presence of the prospective Customer.

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

10
11 **SEC. 1620. CONSUMPTION AND SMOKING OF CANNABIS AND CANNABIS**
12 **PRODUCTS ON THE PREMISES OF CANNABIS BUSINESSES.**

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

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

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

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

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

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

5 ~~(e) The Smoking of Cannabis and Cannabis Products is prohibited on the Premises of~~
6 ~~Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusinesses, absent~~
7 ~~authorization from the Director of the Department of Public Health, as set forth in Section~~
8 ~~4009.23 of the Health Code. Where authorized by the Director of Health, the Smoking of~~
9 ~~Cannabis and Cannabis Products shall be subject to the limitations on Consumption set forth~~
10 ~~in subsection (b)(2)-(4) of this Section 1620.~~

11 (d) All Cannabis Businesses shall:

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

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

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

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

21
22 **SEC. 1621. TOURS.**

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

25 (b) Prior to January 1, 2019, it shall be a violation of this Article 16 for a Cannabis

1 Manufacturing Facility, a Cannabis Cultivation Facility, or a Cannabis Microbusiness to permit a tour
2 to be conducted on the Premises.

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

6 A “tour” does not include visits by:

7 (1) Employees of the Cannabis Business;

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

10 (3) Persons authorized to conduct inspections;

11 (4) Persons engaging in law enforcement activities;

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

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

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

21
22 **SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO**
23 **CUSTOMERS.**

24 (a) The Delivery of Cannabis or Cannabis Products to Customers within San Francisco is
25 prohibited except by Storefront Cannabis Retailers and Delivery-Only Cannabis Retailers that are

1 permitted by the Office of Cannabis and receive express authorization to engage in Deliveries from the
2 Director. The Delivery of Cannabis or Cannabis Products within San Francisco by Cannabis
3 Businesses that are located outside of San Francisco is prohibited.

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

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

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

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

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

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

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

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

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

25 (C) Require the Customer to sign a document indicating the type and quantity of

1 Cannabis and/or Cannabis Products that were Delivered; and

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

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

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

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

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

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

13 (10) A manifest must be created for each Delivery or series of Deliveries prior to
14 departure, and the Delivery employee may not make any unnecessary stops between Deliveries or
15 deviate substantially from the manifest route, unless a stop is necessary for personal safety.

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

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

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

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

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

25 (E) The name of the individual to whom the Delivery was made, and the

1 Delivery address.

2 (12) A Cannabis Business authorized to engage in Deliveries must Deliver Cannabis
3 and Cannabis Products by Vehicle only. Delivery of Cannabis and Cannabis Products by motorcycles,
4 scooters, drones, human powered vehicles, and unmanned vehicles is prohibited.

5
6 **SEC. 1623. CANNABIS CULTIVATION FACILITIES.**

7 (a) Authorized activities. A Cannabis Cultivation Facility Permit authorizes the Permittee to
8 engage in the Commercial Cultivation and Processing of Medicinal Cannabis and Adult Use Cannabis,
9 provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis Cultivation Facility
10 Permittee that holds only an A-license may engage in the Commercial Cultivation and Processing of
11 Adult Use Cannabis only. A Cannabis Cultivation Facility Permittee that holds only an M-License may
12 engage in the Cultivation and Processing of Medicinal Cannabis only.

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

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

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

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

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

3
4 **SEC. 1624. CANNABIS MANUFACTURING FACILITIES.**

5 (a) Authorized activities. A Cannabis Manufacturing Facility Permit authorizes the Permittee
6 to engage in the Commercial Manufacture of Medicinal Cannabis Products and Adult Use Cannabis
7 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis
8 Manufacturing Facility Permittee that holds only an A-license may engage in the Commercial
9 Manufacture of Adult Use Cannabis Products only. A Cannabis Manufacturing Facility Permittee that
10 holds only an M-License may engage in the Manufacturing of Medicinal Cannabis Products only.

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

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

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

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

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

25 (5) A Cannabis Manufacturing Facility using Volatile Solvents for Manufacturing

1 Cannabis Products must operate in a manner to reduce the risk of explosion or danger to public health,
2 including through the use of a close-loop or solvent dispersion system consistent with the requirements
3 of California Health and Safety Code Section 11362.775, as may be amended from time to time.

4
5 **SEC. 1625. CANNABIS TESTING FACILITIES.**

6 (a) Authorized activities. A Cannabis Testing Facility Permit authorizes the Permittee to
7 engage in the Commercial testing of Medicinal Cannabis and Cannabis Products and Adult Use
8 Cannabis and Cannabis Products.

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

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

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

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

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

1
2 **SEC. 1626. CANNABIS DISTRIBUTORS.**

3 (a) Authorized activities. A Cannabis Distributor Permit authorizes the Permittee to engage in
4 the Commercial Distribution of Medicinal Cannabis and Adult Use Cannabis, provided that the
5 Permittee is both an A-licensee and an M-licensee. A Cannabis Distributor that holds only an A-
6 license may engage in the Commercial Distribution of Adult Use Cannabis and Cannabis Products
7 only. A Cannabis Distributor that holds only an M-License may engage in the Commercial
8 Distribution of Medicinal Cannabis and Cannabis Products only.

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

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

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

16
17 **SEC. 1627. CANNABIS MICROBUSINESSES.**

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

1 **(b) Operating Standards.** *In addition to the operating requirements set forth in Section 1618, a*
2 *Cannabis Microbusiness shall comply with the operating standards set forth in Sections 1623, 1624,*
3 *1626, and 1628 of this Article 16, and shall comply with the following additional operating standards:*

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

6 **(2) The area on which a Cannabis Microbusiness Cultivates Cannabis must be less than**
7 **10,000 square feet.**

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

9
10 **SEC. 1628. STOREFRONT CANNABIS RETAILERS.**

11 **(a) Authorized activities.**

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

14 **(2) A Cannabis Retailer permit authorizes the Permittee to engage in the retail Sale of**
15 **both Medicinal and Adult Use Cannabis and Cannabis Products, provided that the Permittee is both an**
16 **A-licensee and an M-licensee. A Cannabis Retailer Permittee that holds only an A-license may engage**
17 **in the retail Sale of Adult Use Cannabis and Cannabis Products only. A Cannabis Retailer Permittee**
18 **that holds only an M-License may engage in the retail Sale of Medicinal Cannabis and Cannabis**
19 **Products only.**

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

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

25 **(1) A Storefront Cannabis Retailer must be operated from a fixed place of business. It**

1 may not be operated out of a bus, truck, car, van, or any other mobile location or location that is
2 capable of being mobile.

3 (2) A Storefront Cannabis Retailer shall post staff at the point of entry to the Premises
4 to confirm that all Customers who enter are not underage, as set forth in Section 1619 of this Article
5 16.

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

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

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

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

19 (7) A Storefront Cannabis Retailer may not:

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

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

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

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

1 (8) A Storefront Cannabis Retailer may accept returns of Cannabis and Cannabis
2 Products that were previously sold by the Storefront Cannabis Business, but shall not resell Cannabis
3 or Cannabis Products that have been returned. A Storefront Cannabis Retailer shall treat any
4 Cannabis and Cannabis Products that are abandoned on the Premises as a return. A Storefront
5 Cannabis Retailer shall destroy all Cannabis and Cannabis Products that have been returned as
6 required by the State of California.

7 (9) A Storefront Cannabis Retailer must maintain an electronic age verification device
8 to determine the age of any individual attempting to purchase Cannabis or Cannabis Products, which
9 device shall be used for the Sale of the Cannabis or Cannabis Products to the Customer. The device
10 shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis
11 and Cannabis products shall not be sold to a Customer if the electronic age verification device is not
12 functioning.

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

16
17 **SEC. 1629. DELIVERY-ONLY CANNABIS RETAILERS.**

18 **(a) Authorized Activities.**

19 A Delivery-Only Cannabis Retailer permit authorizes the Permittee to engage in the Delivery
20 and Sale of both Medicinal Cannabis and Cannabis Products and Adult Use Cannabis and Cannabis
21 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Delivery-Only
22 Cannabis Retailer Permittee that holds only an A-license may engage in the Delivery and retail Sale of
23 Adult Use Cannabis and Cannabis Products only. A Delivery-Only Cannabis Retailer Permittee that
24 holds only an M-License may engage in the Delivery and retail Sale of Medicinal Cannabis and
25 Cannabis Products only.

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

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

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

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

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

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

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

23
24 **SEC. 1630. INSPECTIONS.**

25 **(a) Any member of the Office of Cannabis, the Police Department, the Department of Public**

1 Health, the Department of Building Inspection, the Planning Department, and/or any other Referring
2 Department (collectively, “Inspecting Departments”) may enter and inspect the Premises of any
3 Cannabis Business and any vehicle used for the purpose of Distribution or Delivery, to determine
4 whether the Cannabis Business is operating in compliance with State law or this Article 16 (including
5 compliance with conditions on the permit).

6 (b) Pursuant to this Section 1630, the Inspecting Departments shall have access to the
7 Cannabis Business Premises, video footage, business records, data, inventory levels and information
8 relating to Customers, vendors, Cannabis Products, plans and agreements (collectively, “Confidential
9 Information”). To the extent authorized by law, an Inspecting Department shall not disclose
10 Confidential Information to the public, and shall use the Confidential Information only for purposes
11 specified in this Article 16 or other laws and regulations of the City specifically related to the City
12 Permittees from whom such Confidential Information has been received. Notwithstanding the
13 foregoing, the City may disclose Confidential Information:

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

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

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

22
23 **SEC. 1631. NOTICE OF VIOLATION; HEARING AND APPEAL.**

24 (a) If the Director determines that a Cannabis Business is operating in violation of this Article
25 16 (which is deemed in the entirety of this Section 1631 to include a violation of a permit condition

1 and/or a violation of the rules and regulations adopted pursuant to this Article), the Director may issue
2 a Notice of Violation to the Cannabis Business, the owner of real property where the violation
3 occurred, and/or any other Persons the Director deems responsible for causing the violation.

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

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

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

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

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

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

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

24 Where no such showing has been made, any Person or entity served with a notice or order by the
25 Director setting forth the nature of the violation of this Article, such person shall be presumed, in

1 subsequent administrative and/or civil proceedings, not to have corrected such violation.

2 (c) If no request for a hearing is filed with the Director within the appropriate period, or the
3 request for hearing does not include the information required by subsection (b)(4) of this Section 1631,
4 the right to request a hearing shall be deemed waived, and the Director's determination shall become
5 final and effective 15 days after the Notice of Violation was mailed. The Director shall issue an order
6 imposing the enforcement action and mail the order to the Persons served with the Notice of Violation.
7 In subsequent civil proceedings, such violations shall be presumed not to have been corrected. Where
8 no hearing is timely requested, an order suspending, revoking, or imposing additional conditions on a
9 permit is final. The failure of the Person on whom the Notice of Violation is served to request a
10 hearing shall constitute a failure to exhaust administrative remedies and shall preclude the Person
11 from obtaining judicial review of the validity of the enforcement action.

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

19 (e) The Director shall conduct the hearing, or a hearing officer may be designated, who shall
20 have the same authority as the Director to hear and decide the case and make any orders consistent
21 with this Article 16. The Cannabis Business, owner of real property, or other Person(s) deemed
22 responsible for causing the violation(s) may present evidence for consideration, subject to any rules
23 adopted by the Director or hearing officer for the orderly conduct of the hearing. Within 30 days of the
24 conclusion of the hearing, the Director or hearing officer shall render a decision in the form of a
25 written order, which the Director shall promptly serve on the Cannabis Business, owner of real

1 property, or any other Persons charged in the Notice of Violation. The order shall state whether the
2 Notice of Violation has been upheld (in whole or in part), and the enforcement action taken against
3 each party.

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

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

10
11 **SEC. 1632. ADMINISTRATIVE PENALTIES AND ENFORCEMENT COSTS.**

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

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

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

25 (3) The violation occurred notwithstanding that the Cannabis Business was acting in

1 good faith; and

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

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

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

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

24 (e) **Lien for Administrative Penalty.** Where an activity or condition on San Francisco real
25 property has caused, contributed to, or been a substantial factor in causing the violation, the Director

1 may initiate proceedings to make any unpaid administrative penalty, enforcement costs, fine, and
2 interest, and all additional authorized costs and attorneys' fees, a lien on the property. Such liens shall
3 be imposed in accordance with Administrative Code Sections 10.230—10.237, or any successor
4 provisions. Before initiating lien proceedings, the Director shall send a request for payment under
5 Administrative Code Section 10.230A.

6
7 **SEC. 1633. PERMIT SUSPENSIONS AND REVOCATIONS.**

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

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

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

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

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

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

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

25 (7) An Owner or manager of the Cannabis Business willfully made a false statement to

1 the Office, or discovered a false statement made to the Office by any employee or agent of the Cannabis
2 Business and failed to promptly correct such statement; or

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

5 (b) The Director may not suspend or revoke a Cannabis Business Permit under this Article 16
6 until the Director has issued a Notice of Violation and provided the Cannabis Business an opportunity
7 to be heard and respond as provided in Section 1631 of this Article 16. A Cannabis Business whose
8 permit has been suspended or revoked must cease operations within 24 hours of the suspension or
9 revocation order being final.

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

24 (c) If the Permittee appeals a decision by the Director or hearing officer upholding a summary
25 suspension to the Board of Appeals, the summary suspension shall remain in effect until a final decision

1 is issued by the Board of Appeals. Where a permit is revoked after a summary suspension, the
2 revocation shall be effective immediately and, if the Permittee appeals to the Board of Appeals, shall
3 remain in effect until a final decision is issued by the Board of Appeals.

4
5 **SEC. 1634. ADDITIONAL ADMINISTRATIVE ENFORCEMENT ORDERS.**

6 **(a) Order to Cease Operations Without Permit.** Upon a determination by the Director that
7 any Cannabis Business is operating without all valid, effective, and current permits required by this
8 Article 16, the Director shall issue an Order to Cease Operations Without Permit, which shall be
9 posted prominently on the Premises and mailed to the Cannabis Business. Such Order shall state:

10 (1) The required permits which are lacking;

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

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

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

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

25 **(c) Immediate Closure Order.** The Director shall issue an Immediate Closure Order ordering

1 closure of a Cannabis Business under the following circumstances:

2 (1) 72 hours after the issuance of an Order to Cease Operations Without Permit, the
3 Cannabis Business has not demonstrated to the Director’s satisfaction that the Cannabis Business has
4 the required permits, and the Cannabis Business nevertheless continues to operate;

5 (2) 24 hours after the suspension or revocation of a permit becomes final, the Cannabis
6 Business continues to operate;

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

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

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

21
22 **SEC. 1635. NUISANCE.**

23 Any building or place used by a Cannabis Business in violation of this Article, or where any
24 Commercial Cannabis Activity occurs in violation of this Article 16, is a nuisance which may be
25 remedied as provided by law, including but not limited to the provisions of Article 3 (commencing with

1 Section 11570) of Chapter 10 of Division 10 of the California Health and Safety Code.

2
3 **SEC. 1636. ENFORCEMENT BY CITY ATTORNEY.**

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

8 (b) At any time, the Director may refer a case to the City Attorney’s Office for civil
9 enforcement, but a referral is not required for the City Attorney to bring a civil action under subsection
10 (a).

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

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

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

3
4 **SECTION 1637. PUBLIC HEALTH EDUCATION CAMPAIGN.**

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

8
9 **SEC. 16378. UNDERTAKING FOR THE GENERAL WELFARE.**

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

18
19 **SEC. 16389. SEVERABILITY.**

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

1 application thereof would be subsequently declared invalid or unconstitutional.

2
3 Section 3. Article 1 of the Business and Regulations Code is amended by revising
4 Section 8, to read as follows:

5
6 **SEC. 8. METHOD OF APPEAL TO THE BOARD OF APPEALS.**

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

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

20 * * * *

21 (i) Additional Requirements.

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

24 (2) On the filing of any appeal, the Board of Appeals shall notify in writing the
25 department, board, commission, officer or other person from whose action the appeal is taken

1 of such appeal. On the filing of any appeal concerning a structural addition to an existing
2 building, the Board of Appeals shall additionally notify in writing the property owners of
3 buildings immediately adjacent to the subject building.

4 (3) The Board of Appeals shall fix the time and place of hearing, which shall be
5 not less than 10 nor more than 45 days after the filing of said appeal, and shall act thereon not
6 later than 60 days after such filing or a reasonable time thereafter. In the case of a permit
7 issued by the Entertainment Commission or its Director, the Board of Appeals shall set the
8 hearing not less than 15 days after the filing of said appeal, shall act thereon not more than 30
9 days after such filing, and shall not entertain a motion for rehearing.

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

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

1 actions of the Director of the Office of Cannabis awarding a Temporary Medicinal Cannabis Business
2 Permit.

3
4 Section 4. The Health Code is amended by adding new Article 8A, consisting of
5 Sections 8A.1-8A.8, to read as follows:

6
7 **ARTICLE 8A: CANNABIS CONSUMPTION PERMITS**

8
9 **SEC. 8A.1. DEFINITIONS.**

10 (a) Terms not defined in this Article 8A shall have the meaning attributed to them in Section
11 1602 of the Police Code.

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

13 “Designated Smoking Room” means a designated area on the Premises of a Cannabis
14 Business where Customers may Smoke Cannabis.

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

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

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

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

24
25 **SEC. 8A.2. PERMITS FOR THE ON-SITE CONSUMPTION OF CANNABIS.**

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

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

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

6 (c) A State Cannabis License.

7
8 **SEC. 8A.3. CANNABIS CONSUMPTION PERMIT TYPES.**

9 There are ~~two~~three types of permits available for the purpose of legalizing and regulating the
10 Consumption of Cannabis Products on the Premises of commercial businesses:

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

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

17 **(c) Cannabis Smoking. A Permittee in possession of this permit type may allow the**
18 on-site Smoking of Cannabis, and may also allow the Consumption of Pre-packaged
19 Cannabis Products, and/or the Consumption of prepared Cannabis Products, subject to
20 approval by the Director.

21
22 **SEC. 8A.4. PERMIT APPLICATIONS AND AWARDS.**

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

1 refundable application fee, unless the applicant is eligible for a fee waiver or reduction, as
2 authorized by ordinance.

3 (b) A person may not file and the Director may not accept an application for a Cannabis
4 Consumption Permit until after the Director has adopted rules, regulations, and/or guidelines to
5 establish the minimum health and safety standards applicable to Permittees, as set forth in Section
6 8A.8.

7 (c) Upon receipt of a complete application, the Director shall refer the application to the
8 Planning Department, the Department of Building Inspection, and Fire Department (the “Referring
9 Departments). The Referring Departments shall determine whether an inspection of the premises is
10 warranted in light of the type of Cannabis Consumption Permit sought and any inspection history at the
11 premises, and shall conduct inspections as may be required. Said departments shall advise the
12 Director in writing whether they recommend approval or denial of the application for the Cannabis
13 Consumption permit, and the basis for that recommendation.

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

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

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

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

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

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

1 (4) The applicant for a Cannabis Smoking permit has not demonstrated to the
2 Director’s satisfaction that the Designated Smoking Room meets or will meet the ventilation
3 standards set forth in subsection (i) of Section 8A.6.

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

6 (56) The on-site Consumption of Cannabis or Cannabis Products, if permitted, would
7 not comply with all applicable laws, including but not limited to the Building, Planning, Housing,
8 Police, Fire, and Health Codes, and the Medicinal and Adult Use Cannabis Regulation and Safety Act,
9 2017 Cal. Legis. Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from
10 time to time.

11 (g) Notwithstanding anything in this Article 8A, a Medicinal Cannabis Retailer,
12 Cannabis Retailer, or Cannabis Microbusiness that applies for a Cannabis Smoking
13 Consumption Permit (“Cannabis Smoking Permit Applicant”) may allow Smoking on the
14 Premises until such time as its application for a Cannabis Consumption permit has been
15 approved or denied by the Director, provided that:

16 (1) The Cannabis Smoking Permit Applicant previously held a permit to operate
17 a Medical Cannabis Dispensary at the same location, issued by the Director under Article 33
18 of the Health Code;

19 (2) The Cannabis Smoking Permit Applicant was not prohibited by the Planning
20 Department, the Planning Commission, or the Director from allowing smoking on the premises
21 of the formerly permitted Medical Cannabis Dispensary; and

22 (3) The Cannabis Smoking Permit Applicant submits its application for a
23 Cannabis Smoking Consumption Permit not less than 30 days after such applications are
24 made available by the Director.

1 **SEC. 8A.5. PAYMENT OF ANNUAL LICENSE FEE.**

2 The license fee for a Cannabis Consumption Permit shall be paid annually on or before March
3 31, in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code.

4
5 **SEC. 8A.6. OPERATING STANDARDS.**

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

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

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

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

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

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

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

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

1 (i) A Designated Smoking Room must meet the following ventilation standards:

2 (1) The Designated Smoking room must have a separate heating, ventilation,
3 and air-conditioning (HVAC) system such that none of the air in the Designated Smoking
4 Room will be recirculated into other parts of the Cannabis Business' Premises.

5 (2) The air from a Designated Smoking Room must be directly exhausted to the
6 outdoors by a filtration system that, at a minimum, eliminates all odor and smoke.

7 (3) Smoke from the Designated Smoking Room must not drift to other portions
8 of the Premises.

9 (4) The Designated Smoking Room must be completely separated from the
10 remainder of the Premises by solid partitions or glazing without openings other than doors,
11 and all doors leading to the Designated Smoking Room must be self-closing. All doors to the
12 Designated Smoking Room must be installed with a gasket to provide a seal where the door
13 meets the stop.

14 (5) The Designated Smoking Room must meet such other health and safety
15 standards as are adopted by the Director under Section 8A.8 of this Article 8.

16 (j) A Permittee with a Cannabis Smoking permit may not require employees to enter
17 the Designated Smoking Room as a condition of their employment.

18
19 **SEC. 8A.7. ADMINISTRATIVE PENALTIES; PERMIT SUSPENSIONS AND**
20 **REVOCATIONS; NOTICE OF VIOLATIONS; HEARING AND APPEAL.**

21 (a) Any Person who violates this Article 8A (which is deemed to include a violation of
22 the rules, regulations, and guidelines adopted pursuant to this Article 8A) shall be subject to
23 an administrative penalty imposed by order of the Director, not to exceed \$1,000 for each
24 violation, for each day such violation occurs.

25 (b) The Director may revoke or suspend a Cannabis Consumption permit if the Director

1 finds that the Permittee has engaged in conduct that violates this Article 8A or its
2 implementing rules, regulations, and guidelines, or if the Director finds that the Permittee is
3 being managed, conducted, or maintained in a way that threatens the health or safety of
4 Customers, employees, or the public at large.

5 (ac) If the Director determines that a Cannabis Business is operating in violation of this Article
6 8A or rules, regulations, or guidelines adopted pursuant to this Article, the Director shall issue a
7 Notice of Violation to the Permittee. The Notice of Violation shall include the following information:
8 the alleged act or failure to act that constitutes the basis for the Director's determination; that the
9 Director intends to take enforcement action against the Permittee, and the nature of that action,
10 specifically, the administrative penalty to be imposed, additional permit conditions to be imposed,
11 and/or suspension or revocation of the permit; and that the Permittee may request a hearing before the
12 Director within 15 days after the Notice of Violation is mailed, to challenge the Director's
13 determination and/or the proposed enforcement action.

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

19 (ce) Upon a timely request for a hearing, the Director shall, within 15 days of the request,
20 notify the requester of the date, time, and place of the hearing.

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

23 (eg) An order after hearing to suspend or revoke a permit, or to impose additional permit
24 conditions, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the
25 Business and Tax Regulations Code; and such an order shall inform the recipient of this right to

1 appeal.

2
3 **SEC. 8A.8. RULES AND REGULATIONS.**

4 (a) The Director shall adopt rules, regulations, and/or guidelines to establish the minimum
5 health and safety standards that businesses must maintain to be eligible to receive and maintain a
6 Cannabis Consumption permit. Such health and safety standards shall be sufficient in the Director's
7 judgment to, among other things: protect the health and safety of consumers and employees of the
8 cannabis business, prevent the ingestion of adulterated Cannabis Products, promote sanitary
9 conditions in the Consumption and Preparation areas, and prevent food-borne diseases that might
10 occur through unsafe food or Cannabis Product handling procedures.

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

13
14 Section 5. Article 19F of the Health Code is hereby amended by revising Sections
15 1009.22 and 1009.23, to read as follows:

16
17 **SEC. 1009.22. PROHIBITING SMOKING IN BUILDINGS, CERTAIN VEHICLES,**
18 **CERTAIN UNENCLOSED AREAS, ENCLOSED STRUCTURES CONTAINING CERTAIN**
19 **USES, AND SPORTS STADIUMS.**

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

24 (1) Facilities owned or leased by the City and County of San Francisco; every
25 commission, department, or agency, with jurisdiction over such property shall adopt

1 regulations or policies implementing the provisions of this Article 19F; provided, however, with
2 respect to facilities located outside the City and County of San Francisco, the regulations or
3 policies shall prohibit smoking in enclosed areas during all times;

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

6 (3) Polling places;

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

10 (5) Educational facilities;

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

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

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

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

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

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

5 (12) Convention facilities;

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

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

11 (15) Tourist Lodging Facilities;

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

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

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

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

19 * * * *

20
21 **SEC. 1009.23. EXCEPTIONS.**

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

23 * * * *

24 (f) Medicinal Cannabis Retailers, Cannabis Microbusinesses, and Cannabis Retailers
25 that have received and maintain:

1 (1) A Cannabis Business Permit issued by the Director of the Office of
2 Cannabis under Article 16 of the Police Code; and

3 (2) A Cannabis Consumption Permit that authorizes the smoking of cannabis,
4 issued by the Director of Health under Article 8A of the Health Code, unless the smoking of
5 cannabis is authorized under subsection (g) of Section 8A.4, pending the approval or denial of
6 an application for such permit, permitted by the Office of Cannabis under Article 16 of the
7 Police Code that submit to the Director all documents required by the Director to demonstrate
8 that the Medicinal Cannabis Retailer or Cannabis Retailer: previously held a valid permit to
9 operate a Medical Cannabis Dispensary, issued by the Director under Article 33 of the Health
10 Code prior to September 26, 2017, at the same location; was not prohibited by the Planning
11 Department or the Planning Commission from allowing smoking on the premises of the
12 Medical Cannabis Dispensary; and meets such ventilation standards as may be established
13 by the Director to protect the health and safety of the Medicinal Cannabis Retailer's or
14 Cannabis Retailer's employees, neighbors, and customers.

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

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

23 ~~—— (3) This exemption is nontransferable and immediately expires if any of the~~
24 ~~following occur:~~

1 ~~_____ (A) There is a change in the ownership interest(s) in the Medicinal~~
2 ~~Cannabis Retailer or Cannabis Retailer, meaning the aggregate change of 50% or more of the~~
3 ~~ownership of the business;~~

4 ~~_____ (B) There are structural alterations made to the area where smoking is~~
5 ~~approved that are not approved by the Director;~~

6 ~~_____ (C) The Medicinal Cannabis Retailer or Cannabis Retailer is no longer~~
7 ~~located in the original permitted commercial building; or~~

8 ~~_____ (D) The Medicinal Cannabis Retailer or Cannabis Retailer found to have~~
9 ~~permitted smoking of tobacco or nicotine products or adult use cannabis, or to have allowed~~
10 ~~the smoking of medicinal cannabis or adult use cannabis in places or by persons not~~
11 ~~authorized by the Director.~~

12
13 Section 6. Article 33 of the Health Code is hereby amended by revising Sections 3301
14 and 3308, and adding new Sections 3322 and 3323, to read as follows:

15
16 **SEC. 3301. DEFINITIONS.**

17 For the purposes of this Article 33:

18 * * * *

19 (f) "Medical cannabis dispensary" means a cooperative or collective of ten or more
20 qualified patients or primary caregivers that facilitates the lawful cultivation and distribution of
21 cannabis for medical purposes and operates not for profit, consistent with California Health &
22 Safety Code Sections 11362.5 et seq., with the Guidelines for the Security and Non-diversion
23 of Marijuana Grown for Medical Use issued by the California Attorney General in August
24 2008, and with this ordinance. A cooperative or collective shall be deemed to be of 10 or more
25 qualified patients or primary caregivers if it distributes cannabis to more than 10 persons during any

1 consecutive 30-day period. A cooperative must be organized and registered as a Consumer
2 Cooperative Corporation under the Corporations Code, Sections 12300, et seq., or a
3 Nonprofit Cooperative Association under the Food and Agricultural Code, Sections 54002, et
4 seq. A collective may be organized as a corporation, partnership, or other legal entity under
5 state law but must be jointly owned and operated by its members. As set forth in Section
6 3308(q), a medical cannabis dispensary may purchase or obtain cannabis only from members
7 of the cooperative or collective and may sell or distribute cannabis only to members of the
8 cooperative or collective. As set forth in Section 3308(c), a medical cannabis dispensary may
9 operate only on a not-for-profit basis and pay only reasonable compensation to itself and its
10 members and pay only reasonable out-of-pocket expenses.

11 * * * *

12
13 **SEC. 3308. OPERATING REQUIREMENTS FOR MEDICAL CANNABIS**
14 **DISPENSARY.**

15 * * * *

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

19
20 **SEC. 3322. TRANSITION PROVISION.**

21 (a) Terms not defined in this Section 3322 shall have the meaning attributed to them in
22 Section 1602 of the Police Code.

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

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

3 **(d)** *Notwithstanding any provision in this Article 33, starting January 1, 2018, a medical*
4 *cannabis dispensary may Sell Adult Use Cannabis and Cannabis Products, provided the*
5 *medical cannabis dispensary:*

6 **(1)** *Applies for and receives a State Cannabis License authorizing the retail*
7 *Sale of Adult Use Cannabis;*

8 **(2)** *Receives a determination from the Planning Department that the Sale of*
9 *Adult Cannabis on the Premises is in compliance with the Planning Code; and*

10 **(3)** *Complies with all of the requirements imposed on Cannabis Retailers under*
11 *Article 16 of the Police Code and its implementing rules and regulations, any violation of*
12 *which shall be treated as a violation of this Article 33, subject to the penalties set forth in*
13 *Sections 3314 and 3315.*

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

20
21 **SEC. 3323. SUNSET PROVISION.**

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

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

SEC. 1. DESIGNATING DEPARTMENTS FOR ISSUANCE OF PERMITS.

Permits shall be issued for the location and conduct of the businesses, enterprises, or activities, enumerated hereinafter in Sections 1.1 to 1.76Z, inclusive, by the department or office authorized by Sections 1.1 to 1.76Z, inclusive, and Section 2 of this Article 1 to issue each such class of permit, and subject to the approval of other departments and offices of the City and County, where specifically designated in any such case; provided that permit or license fees as required by ordinance shall be collected by the Tax Collector as provided in Section 3 of this Article.

* * * *

SEC. 1.77. ~~MEDICAL CANNABIS~~ BUSINESSES/ DISPENSARIES.

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

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

SEC. 96B.7. ~~MARIJUANA~~ CANNABIS POLICY REFORM.

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

1 ~~(b) Beginning three months after the effective date of this Ordinance and continuing annually~~
2 ~~thereafter, the Clerk of the Board of Supervisors shall send letters to Governor of California, the~~
3 ~~President of the United States, and all elected officials representing San Franciscans in the U.S. House~~
4 ~~of Representatives, the U.S. Senate, the California Assembly and the California Senate. The letters shall~~
5 ~~state, “The Board of Supervisors of the City and County of San Francisco has passed an ordinance to~~
6 ~~deprioritize marijuana offenses by adults, and requests that the Federal and California State~~
7 ~~governments take immediate steps to tax and regulate marijuana use, cultivation, and distribution and~~
8 ~~to authorize State and local communities to do the same.” The Clerk shall send this letter annually until~~
9 ~~State and Federal laws are changed accordingly.~~

10
11 Section 9. Renumbering of Police Code Article 23 Sections. Existing Sections 1600-
12 1618 of Article 23 of the Police Code shall be renumbered as new Sections 2300-2318,
13 respectively, and any cross-references in the Municipal Code to existing Sections 1600-1618
14 shall be renumbered accordingly. These changes are not made for any substantive reason
15 and shall have no substantive effect. The City Attorney shall direct the publisher of the
16 Municipal Code to take all appropriate steps to effectuate this provision.

17
18 Section 10. The Administrative Code is amended by adding new Section 10.100-162
19 to Chapter 10, Article XIII, to read as follows.

20
21 **SEC. 10.100-162. Office of Cannabis Equity Operator Fund.**

22 (a) Establishment of Fund. The Equity Operator Fund (“the Fund”) is established as
23 a category six fund to receive any monies appropriated or donated for the purpose of assisting
24 Cannabis Businesses that are owned or managed by individuals who meet the criteria for
25 Equity Applicants set forth in Section 1604 of the Police Code, and Equity Applicants who

1 have been awarded a Cannabis Business Permit by the Office of Cannabis (“Equity
2 Operators”).

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

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

8 (2) Financing capital improvements, construction, renovations, and leasehold
9 improvements; and

10 (3) Providing access to legal services relating to the operation of the Cannabis
11 Business.

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

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

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

23
24 Section 10~~1~~. Effective Date. This ordinance shall become effective 30 days after
25 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor’s veto of the ordinance.

3
4 Section 142. Scope of Ordinance. In enacting this ordinance, the Board of
5 Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections,
6 articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the
7 Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board
8 amendment additions, and Board amendment deletions in accordance with the “Note” that
9 appears under the official title of the ordinance.

10
11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By: _____
14 Anne Pearson
Deputy City Attorney

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