

1 [Police and Health Codes - Regulation of Cannabis Businesses]

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3 Ordinance amending the Police Code to extend by one year the possible duration of a
4 Temporary Cannabis Business Permit; and amending the Health Code to increase,
5 from 90 days to 120 days, the time period that the Director of the Office of Cannabis
6 may extend a medical cannabis dispensary's authorization to sell adult use cannabis,
7 and extending by one year to December 31, 2019, the date on which Article 33 (Medical
8 Cannabis Act) expires. ~~Ordinance amending the Police Code by making a number of~~
9 ~~changes in the regulation of commercial cannabis activity, including, among other~~
10 ~~things: 1) defining ownership interest for purposes of the Equity Program in a~~
11 ~~Cannabis Business; 2) modifying the Cannabis Equity Incubator Program~~
12 ~~requirements; 3) extending by one year the possible duration of a Temporary Cannabis~~
13 ~~Business Permit; 4) authorizing the Director of the Office of Cannabis to issue~~
14 ~~Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue~~
15 ~~operations due to a no-fault lease termination before December 31, 2018; 5) modifying~~
16 ~~the order in which the Director may review and process Cannabis Business Permit~~
17 ~~applications; 6) revising requirements associated with a Cannabis Business' change in~~
18 ~~ownership and structure requiring Cannabis Business permit amendments when a~~
19 ~~change in ownership results in a decrease in an Equity Applicant's Ownership Interest~~
20 ~~or role in the Cannabis Business; 7) revising Cannabis Business Permit application~~
21 ~~requirements; 8) requiring Cannabis Businesses to comply with all permit conditions~~
22 ~~whether or not they are currently engaging in the permitted activity; 9) modifying the~~
23 ~~amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing~~
24 ~~Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both,~~
25 ~~and reducing from four to three the categories of Commercial activity required to~~

1 ~~operate as a Cannabis Microbusiness; and amending the Health Code by revising~~
2 ~~eligibility requirements for medical cannabis dispensaries seeking authorization to Sell~~
3 ~~Adult Use Cannabis, and extending by one year to December 31, 2019 the date on~~
4 ~~which Article 33 (Medical Cannabis Act) expires.~~

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

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

14 Section 1. As introduced, this ordinance proposed revising Administrative Code
15 Sections 1602, 1604, 1605, 1606, 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629,
16 and 1634 and Health Code Sections 3322 and 3323. At its regular meeting on October 24,
17 2018, the Board of Supervisors Rules Committee duplicated the file, and amended this
18 ordinance to remove the amendments to Administrative Code Sections 1602, 1604, 1606,
19 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629, and 1634 such that this ordinance
20 amends only Administrative Code Sections 1605 and Health Code Sections 3322 and 3323.

21 Section 2. Article 16 of the Police Code is hereby amended by revising Section 1605,
22 to read as follows:

23
24 **SEC. 1605. TRANSITION PROVISION.**

25 * * * *

1 (h) **Duration.** A Temporary Cannabis Business Permit issued under this Section 1605
2 shall be valid for a period of 120 days and may be extended for additional 12090-day periods
3 at the discretion of the Director. Notwithstanding the prior sentence, the Director shall not
4 issue a new temporary permit after January 1, 2019, and shall not extend the term of a
5 Temporary Cannabis Business Permit issued to an applicant for a Cannabis Business Permit under
6 this Article 16 past ~~January 1~~December 31, 2019.

7 * * * *

8
9 Section 3. Article 33 of the Health Code is hereby amended by revising Sections 3322
10 and 3323, to read as follows:

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12 **SEC. 3322. TRANSITION PROVISION.**

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14 * * * *

15 (e) The Director may extend the authorization to Sell Adult Use Cannabis for additional
16 12090-day periods beyond the 120-day period set forth in subsection (d) of this Section 3322
17 upon a finding that:

- 18 (1) The Office of Cannabis has not had sufficient time to review and process
19 applications for Cannabis Business Permits under Article 16 of the Police Code; and
20 (2) The medical cannabis dispensary has demonstrated good faith compliance
21 with its Equity Plan to the satisfaction of the Director of the Office of Cannabis.

22 The Director's authority under this subsection (ef) to extend 12090-day periods for
23 authorization to sell Adult Use Cannabis may be exercised only at intervals of approximately
24 12090 days, as to each distinct 12090-day period. Thus, for example, the Director may not
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1 simultaneously authorize two consecutive 12090-day extensions for the same medical
2 cannabis dispensary.

3
4 **SEC. 3323. SUNSET PROVISION.**

5 This Article 33 shall expire by operation of law on December 31, 201918, ~~at which time~~
6 ~~All~~ permits authorizing the operation of a Medical Cannabis Dispensary issued under this
7 Article 33 shall be rendered invalid after December 31, 2018, except for those permits issued under
8 this Article 33 where the permit holder has applied for a Police Code Article 16 permit, which shall be
9 rendered invalid on December 31, 2019. Upon expiration of the Article, the City Attorney shall
10 cause it to be removed from the Health Code.

11
12 **Section 4. Effective Date.**

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

17
18 **Section 5. Scope of Ordinance.** In enacting this ordinance, the Board of Supervisors
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
22 additions, and Board amendment deletions in accordance with the “Note” that appears under
23 the official title of the ordinance.

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

3 By: _____
4 JANA CLARK
5 Deputy City Attorney

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