

1 [Various Codes - Renewing and Extending Waiver and Refund of Investigation Fee - One-  
2 Year Extension of Medical Cannabis Dispensary Permits and Temporary Cannabis Business  
3 Permits - Two-Year Extension of Temporary Cannabis Retail Use Authorization]

4 **Ordinance renewing and extending a prior waiver and refund of investigation fees**  
5 **imposed by Building Code, Section 107A.5, for persons registered with the Office of**  
6 **Cannabis through December 31, 2020; amending the Health Code to extend the date**  
7 **beyond which temporary Medical Cannabis Dispensary Permits issued under Health**  
8 **Code, Article 33, are rendered invalid, from December 31, 2019, to December 31, 2020;**  
9 **amending the Police Code to extend the date beyond which Temporary Cannabis**  
10 **Business Permits issued under Police Code, Article 16, cannot be extended from**  
11 **December 31, 2019, to December 31, 2020; amending the Planning Code to extend the**  
12 **date by which a Grandfathered Medical Cannabis Dispensary, as defined in the**  
13 **Planning Code, must have received a permit to operate from the Department of Public**  
14 **Health to be deemed a Temporary Cannabis Sales use, as defined in the Planning**  
15 **Code, from December 31, 2019, to December 31, 2020; amending the Planning Code to**  
16 **extend the duration of a Temporary Cannabis Retail Sales Use to up to three years, to**  
17 **expire on January 1, 2021; affirming the Planning Department’s determination under**  
18 **the California Environmental Quality Act; and making findings of consistency with the**  
19 **General Plan, and the eight priority policies of Planning Code, Section 101.1, and**  
20 **findings of public necessity, convenience, and welfare under Planning Code, Section**  
21 **302.**

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

1 Be it ordained by the People of the City and County of San Francisco:  
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3  
4 Section 1. Background, Findings, and Purpose.

5 (a) Waiver of Department of Building Inspection Investigation Fee.

6 (1) To ensure that the cannabis industry in San Francisco operates in a  
7 manner that promotes health and safety, and that otherwise conforms to applicable regulatory  
8 standards, the City requires potential participants in that industry to register with the Office of  
9 Cannabis to obtain a Temporary Cannabis Business Permit. Persons (as defined in Police  
10 Code Section 1602) who register with the Office of Cannabis are required to submit to  
11 inspections of the proposed Cannabis Business's premises by the Department of Building  
12 Inspection, in addition to certain other City departments, agencies, and offices.

13 (2) Building Code Section 107A.5 imposes an investigation fee for any work  
14 performed without a required Building Code permit ("Investigation Fee"). As described in  
15 Building Code Table 1A-K ("Penalties, Hearings, Code Enforcement Assessments"), the  
16 amount of the Investigation Fee is generally "9 times the Permit Issuance Fee plus the original  
17 permit fee."

18 (3) In Ordinance No. 48-18, enacted March 21, 2018, the Board of  
19 Supervisors ("Board") found that imposing the Investigation Fee on Persons registered with  
20 the Office of Cannabis would likely be perceived as unfair or punitive by applicants who have  
21 cooperated with the City's efforts to regulate the cannabis industry. Likewise, the Board found  
22 that imposing the Investigation Fee might discourage similar cooperation by such Persons in  
23 the future. Accordingly, Ordinance No. 48-18 waived the Investigation Fee as to Persons  
24 registered with the Office of Cannabis, retroactively to September 26, 2017, the date on which  
25

1 Ordinance No. 230-17 (the Article 16 ordinance) was introduced, and ordered a refund of  
2 Investigation Fees previously collected on or after September 26, 2017.

3 (4) Ordinance No. 48-18 became inoperative after December 31, 2018.  
4 Unforeseen delays, however, have hindered Persons registered with the Office of Cannabis  
5 from correcting by December 31, 2018 all preexisting Building Code violations subject to the  
6 Investigation Fee. But for these unforeseen delays, the Investigation Fee would have been  
7 waived and refunded as to such violations. Accordingly, the Board finds that the policy goals  
8 embodied in Ordinance No. 48-18 support a retroactive renewal and extension of the fee-  
9 waiver and refund provisions of Ordinance No. 48-18.

10 (b) Extension of Expiration Dates for Medical Cannabis Dispensary Permits and  
11 Temporary Cannabis Business Permits.

12 (1) Ordinance No. 230-17, enacted December 6, 2017, created Article 16 of  
13 the Police Code, establishing a comprehensive City process for regulating Cannabis Business  
14 activity, and created the Office of Cannabis to oversee the regulatory scheme. To facilitate  
15 the transfer of all regulation of Cannabis Business activity to the Office of Cannabis after a  
16 transition period, Ordinance No. 230-17 provided for the expiration, after December 31, 2019,  
17 of Medical Cannabis Dispensary permits previously issued by the Department of Public  
18 Health. To enable other cannabis businesses not holding Medical Cannabis Dispensary  
19 permits to operate during the period when the Office of Cannabis processed applications for  
20 permanent Cannabis Business Permits, Ordinance No. 230-17 also established within Article  
21 16 a Temporary Cannabis Business Permit, with a final expiration date of December 31, 2019.

22 (2) Unforeseen delays have extended the length of time required by the  
23 Office of Cannabis to process applications for Cannabis Business Permits. As a result, the  
24 current expiration dates for Medical Cannabis Dispensary permits and Temporary Cannabis  
25 Business Permits will pass before many holders of these permits who have already submitted

1 applications for permanent Cannabis Business Permits will have completed the process for  
2 obtaining such a permit from the Office of Cannabis. The Board finds that the policy goals  
3 embodied in Ordinance No. 230-17 and Article 16 support a one-year extension of the  
4 expiration dates for Medical Cannabis Dispensary permits and Temporary Cannabis Business  
5 Permits from December 31, 2019, to December 31, 2020, to allow current holders of those  
6 permits to continue lawful operation of their cannabis businesses while the Office of Cannabis  
7 completes its processing of their Cannabis Business Permit applications.

8 (c) Environmental and Land Use Findings.

9 (1) The Planning Department has determined that the actions contemplated in  
10 this ordinance comply with the California Environmental Quality Act (California Public  
11 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
12 Board of Supervisors in File No. 190842 and is incorporated herein by reference. The Board  
13 affirms this determination.

14 (2) On October 24, 2019, the Planning Commission, in Resolution No. 20553,  
15 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
16 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The  
17 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of  
18 the Board of Supervisors in File No. 190842, and is incorporated herein by reference.

19 (3) Pursuant to Planning Code Section 302, the Board finds that the Planning  
20 Code amendments in this ordinance will serve the public necessity, convenience, and welfare  
21 for the reasons set forth in Planning Commission Resolution No. 20553 and the Board  
22 incorporates such reasons herein by reference. A copy of Planning Commission Resolution  
23 No. 20553 is on file with the Clerk of the Board of Supervisors in File No. 190842.

1 Section 2. Renewal and Extension of Waiver of Investigation Fee; Refund of Fees  
2 Previously Collected.

3 (a) The Investigation Fee referenced in subsection (a) of Section 1 of this ordinance  
4 is hereby waived with respect to Persons who are currently registered with the Office of  
5 Cannabis. Accordingly, neither the Department of Building Inspection, nor any other City  
6 department, agency, or office may collect this fee from any Person who is currently registered  
7 with the Office of Cannabis.

8 (b) This Section 2 is retroactive to September 26, 2017. Accordingly, the  
9 Department of Building Inspection, and, if applicable, any other City department, agency, or  
10 office, shall refund any fees described in subsection (a) that have, as of the effective date of  
11 this ordinance, already been collected, including but not limited to fees collected on or  
12 between January 1, 2019, and the effective date of this ordinance.

13 (c) This Section 2 shall be inoperative after December 31, 2020. After that date,  
14 Persons registered with the Office of Cannabis shall again be subject to the Investigation Fee.  
15 After that date, the Department of Building Inspection, and, as applicable, other City  
16 departments, agencies, or offices, may impose the Investigation Fee on Persons registered  
17 with the Office of Cannabis for unpermitted work that occurs, or other Building Code violations  
18 that exist.

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20 Section 3. Article 33 of the Health Code is hereby amended by revising Section 3323,  
21 to read as follows:

22 **SEC. 3323. SUNSET PROVISION.**

23 This Article 33 shall expire by operation of law on December 31, ~~2019~~2020. All permits  
24 authorizing the operation of a Medical Cannabis Dispensary issued under this Article 33 shall  
25 be rendered invalid after December 31, 2018, except for those permits issued under this

1 Article 33 where the permit holder has applied for a Police Code Article 16 permit, which shall  
2 be rendered invalid on December 31, ~~2019~~2020. Upon expiration of the Article, the City  
3 Attorney shall cause it to be removed from the Health Code.

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5 Section 4. Article 1.7 of the Planning Code is hereby amended by revising Section  
6 191, to read as follows:

7 **SEC. 191. AUTHORIZATION OF TEMPORARY CANNABIS SALES USES.**

8 (a) A Grandfathered MCD, as defined in Section 190, that receives a permit to  
9 operate as a Medical Cannabis Dispensary from the Department of Public Health before  
10 December 31, ~~2019~~2020 shall be deemed a Temporary Cannabis Sales Use, as defined in  
11 Section 205.2. Upon expiration of the Temporary Cannabis Sales Use authorization, the land  
12 use authorization for the parcel will revert to the original authorization to operate as a Medical  
13 Cannabis Dispensary Use, unless the Planning Department or Planning Commission has  
14 issued a permanent authorization for a Cannabis Retail Use.

15 (b) This Section 191 shall expire by operation of law on January 1, 2021. Upon its  
16 expiration, the City Attorney shall cause this Section 191 to be removed from the Planning  
17 Code.

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19 Section 5. Article 2 of the Planning Code is hereby amended by revising Section 205.2  
20 to read as follows:

21 **SEC. 205.2. TEMPORARY USES: ONE- ~~OR TWO~~ TO THREE-YEAR LIMIT.**

22 A temporary use may be authorized for a period not to exceed two years, or, in the case  
23 of a Temporary Cannabis Retail Use, for a period not to exceed three years, for any of the following  
24 uses:

25 \* \* \* \*

1 (e) Temporary Cannabis Retail Use for a period of up to ~~one~~three years, as provided  
2 by Section 191, to be authorized no earlier than January 1, 2018 and to expire on January 1,  
3 ~~2019~~21. This is the only type of Temporary Use allowed for the sale of cannabis or cannabis  
4 products.

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6 Section 6. Article 16 of the Police Code is hereby amended by revising Section 1605,  
7 to read as follows:

8 **SEC. 1605. TRANSITION PROVISION.**

9 \* \* \* \*

10 (h) **Duration.** A Temporary Cannabis Business Permit issued under this Section  
11 1605 shall be valid for a period of 120 days and may be extended for additional 120-day  
12 periods at the discretion of the Director. Notwithstanding the prior sentence, the Director shall  
13 not issue a new temporary permit after January 1, 2019, and shall not extend the term of a  
14 Temporary Cannabis Business Permit issued to an applicant for a Cannabis Business Permit  
15 under this Article 16 past December 31, ~~2019~~2020.

16 \* \* \* \*

17  
18 Section 7. Effective Date; Retroactivity.

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

23 (b) Upon the effective date of this ordinance, as stated in subsection (b) of Section  
24 2, the fee waiver described in Section 2 shall be retroactive to September 26, 2017.

1 (c) Upon the effective date of this ordinance, Section 5 of this ordinance (amending  
2 the Planning Code to extend the maximum duration of a Temporary Cannabis Retail Sales  
3 Use from one year to three years, and to extend the expiration date of the Temporary  
4 Cannabis Retail Sales Use from January 1, 2019, to January 1, 2021) shall be retroactive to  
5 January 1, 2019.

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

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

16 By: \_\_\_\_\_  
17 SARAH A. CROWLEY  
Deputy City Attorney

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