

[Police Code - Ceasing Acceptance of New Applications - Cannabis Retail Permits]

Ordinance amending the Police Code to provide that cannabis retail permit applications will not be accepted as of the effective date of this Ordinance; and affirming the Planning Department's determination under the California Environmental Quality Act.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
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~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 200144 and is incorporated herein by reference. The Board affirms this determination.

Section 2. Background, Findings, and Purpose.

(a) As of February 11, 2020, the existing cannabis retail industry in San Francisco includes 37 operating Storefront Cannabis Retail businesses, 41 operating Delivery-Only Cannabis Retail businesses, no operating Microbusiness permittees, and no Medicinal Cannabis Retail businesses separate from the Storefront Cannabis Retail and Delivery-Only Cannabis Retail businesses previously listed.

1 (b) As of February 11, 2020, there are 145 pending applications for Storefront
2 Cannabis Retail business permits, 42 pending applications for Delivery-Only Cannabis Retail
3 business permits, and 40 pending applications for Microbusiness permits (which may
4 authorize any of the full range of Cannabis business activities covered by Article 16, including
5 but not limited to retail activities). As of February 11, 2020, there were no pending
6 applications for Medicinal Cannabis Retail permits.

7 (c) Based on data from the Office of the Controller regarding profit trends among
8 cannabis retail businesses, it appears doubtful that the San Francisco market can sustain
9 additional Cannabis Retail businesses in a number greater than those already in the
10 application pipeline.

11 (d) In addition, new applicants for Cannabis Retail business permits slow the pace
12 of the permitting process for earlier applicants, as limited City resources must be distributed to
13 process pending applications. Many Equity Program applicants qualify for a reduction or
14 waiver of permit fees, so the burden of processing additional applications must largely be
15 borne by scarce General Fund revenues.

16 (e) The Board of Supervisors finds that the above considerations warrant the City's
17 ceasing to accept new applications for Cannabis Business Permits for retail sales – including
18 permits for Storefront Cannabis Retail, Delivery-Only Cannabis Retail, Medicinal Cannabis
19 Retail, and retail-related Cannabis Microbusiness – as of the effective date of this ordinance.
20

21 Section 3. Article 16 of the Police Code is hereby amended by revising Section 1606
22 to read as follows:

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

24 * * * *

(e) As of the effective date of the ordinance in Board File No. 200144 enacting this subsection (e), the Director shall decline to accept for processing any new applications for Cannabis Business Permits under this Article 16 in the following categories: Cannabis Retailer, Storefront Cannabis Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness (to the extent relating to retail activity).

Section 4. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

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

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

By: /s/ SARAH CROWLEY
Deputy City Attorney

n:\legana\as2020\2000113\01427111.docx