

**San Francisco Cannabis State Legalization Task Force
Regulation and City Agency Framework **DRAFT** Workgroup Recommendations**

Licensing

Licensing	<p><u>Local Industry Licenses</u></p> <p>Local Policy and Legal/Programmatic/Future Considerations: San Francisco should develop a local adult use cannabis licensing system that aligns and builds upon the State license types and structure.</p> <p>Local Policy and Legal/Programmatic/Future Considerations: The City should consider creation of new license types, in addition to the State-defined license types, to accommodate the diverse businesses within the adult use cannabis industry in San Francisco. Any newly created local license types should be shared with the State and may include the following:</p> <ul style="list-style-type: none"> • New category: Manufacturing 6B Special baking/cooking license • New category: Consumption lounge • New category: Events (e.g. commercial events and farmers’ markets, etc.) <p>Local Policy and Legal/Programmatic/Future Considerations: In order to provide a consumption space, San Francisco should consider waiving licensing requirements for smoking tents at special events where there is no cannabis distribution.</p> <p>Local Policy and Legal/Programmatic: San Francisco should align with the Planning Department’s zoning map for volatile manufacturing, and only issue Type 7 = Manufacturer 2 licenses in these permitted areas.</p> <p><u>Local Workforce Licensing</u></p> <p>Local Policy and Legal/Programmatic/Future Collaborations: San Francisco should consider workforce licensing requirements that create uniform standards across businesses. The City should work with relevant stakeholders to identify appropriate training requirements that achieve a balance</p>
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	<p>between creating minimum standards that do not also create a barrier to entering the industry. The City should consider various job training formats (e.g. on-the-job training, apprenticeship certification, continuing education, shadow programs at dispensaries, etc.) and leverage existing programs to develop and implement adult use cannabis workforce education and training. The following entities could be involved in this effort:</p> <ul style="list-style-type: none"> • Office of Small Business • City College of San Francisco and other community colleges • San Francisco Unified School District • Charter or private schools • Unions • Oaksterdam University • Patient Focused Certification Program – Americans for Safe Access <p><u>Non-Profit Licenses</u></p> <p>Local Policy and Legal/Programmatic: San Francisco should support the non-profit model and make non-profit licenses available for cannabis organizations that provide compassion programs and supportive services for patients. The City may consider reduced permit costs and state and/or local tax exemptions for non-profit licensees.</p>
Deliveries	<p>Local Policy and Legal/Programmatic/Future Considerations: San Francisco should consider a local license that would allow for adult use mobile delivery/retail services without the brick and mortar retail requirement. Adult use cannabis retailers that possess a delivery-only license should have a hub, or centralized location, to process orders. In-home cannabis businesses pose potential security risks for residential neighborhoods, so these hubs should be in non-residential or live/work commercial zoning locations.</p>

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	<p>Local Policy and Legal/Programmatic: Delivery drivers will need proof of authority to fill delivery orders. The driver should possess an order manifest that includes patient name, order date, delivery date, business name, items ordered, and order time. However, delivery address should not be included, as inclusion of this information may pose a safety risk to consumers.</p> <p>Local Policy and Legal/Programmatic: San Francisco should allow permitted medical cannabis dispensaries that currently operate delivery services to continue to provide deliveries.</p> <p>Local Policy and Legal/Programmatic: Delivery drivers should receive training to minimize potential safety risks. Strategies to ensure safety of drivers may include, but not limited to, training to prevent deliveries on or passing through federal property and use of GPS or body cameras for security purposes.</p> <p>NOTE: Task Force did not reach consensus on aforementioned delivery recommendations during the large group discussion introducing these recommendations.</p>
<p>MCDs and Adult Use Market Participation</p>	<p>Local Policy and Legal/Programmatic: San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets.</p> <p>Local Policy and Legal/Programmatic: The licensing process for medical cannabis dispensaries should not be more restrictive than that for adult use retail licensees.</p> <p>Local Policy and Legal/Programmatic: San Francisco should consider creating a licensing priority for current medical cannabis dispensaries in operation as of September 30, 2015, to apply for adult use cannabis licenses.</p>

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Taxation and Revenue

<p>Taxation</p>	<p>Local Policy and Legal/Programmatic: Proposition 64 establishes state adult use cannabis taxes. To complement the state’s taxation system, San Francisco should consider establishing local cannabis taxes and fees to generate revenue that may be allocated to local cannabis legalization priorities not already funded through state taxes or other funding mechanisms.</p> <p>Local Policy and Legal/Programmatic/Future Collaborations: If San Francisco decides to implement local adult use cannabis taxes and fees, the City should consider up to a 1% excise tax or gross receipt tax.</p> <p>Local Policy and Legal/Programmatic/Future Collaborations: Given that the cannabis industry currently operates primarily on a cash-only basis, San Francisco’s Office of the Treasurer should create a mechanism to collect local adult use cannabis taxes. In addition, the City should explore the use of revenue generated from local taxes to create cannabis banking options.</p>
<p>Revenue Allocation Priorities</p>	<p>Local Policy and Legal/Programmatic: San Francisco should allocate potential State and local adult use cannabis taxes and fees towards the City’s local regulatory, policy, and programmatic goals with respect to cannabis legalization. Allocation priorities include, but are not limited to:</p> <ul style="list-style-type: none"> • Workforce development • Entrepreneurial opportunity fund • Education, students, and youth • Community-identified priorities (e.g. community benefit agreements)
<p>Data Collection</p>	<p>Local Policy and Legal/Programmatic/Future Collaborations/Future Research: San Francisco should use an evidence-based approach to inform future adult use cannabis policies and legislation.</p>

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	The City should engage key stakeholders to identify and collect appropriate data points to assess the impact of cannabis legalization.
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Agency Oversight

<p>Local Regulatory and Regulatory Oversight Structure</p>	<p>Local Policy and Legal/Programmatic/Future Collaborations: In developing an appropriate local regulatory and regulatory oversight structure for adult use cannabis, San Francisco should consider the following characteristics to ensure success for the entities responsible for regulation:</p> <ul style="list-style-type: none"> • Responsive • Timely • Accountable • Strong leadership • Transparent • Promote certainty in process • Multi-agency collaborative model <p>Note: the entities responsible for regulation should not play an advocacy role</p> <p>Local Policy and Legal/Programmatic/Future Collaborations: San Francisco should consider new and/or existing regulatory and regulatory oversight structures for adult use cannabis regulation. Options would include the following:</p> <ul style="list-style-type: none"> • Option 1: Standalone agency with its own staff and commission • Option 2: Standalone agency with its own staff, no commission • Option 3: Part of an existing agency
<p>Local Agency Collaboration</p>	<p>Local Policy and Legal/Programmatic/Future Collaborations: San Francisco should anticipate that numerous City agencies will have a role in adult use cannabis regulation. City Agencies that may play a role in adult use cannabis regulation include, but are not limited to: the Department of Public Health, Police Department, Planning Department, Fire Department, Tax Collector’s Office, Department of Building Inspection, San Francisco Municipal Transportation Authority. The cannabis regulatory role of each agency should be distinct and not overlap.</p>

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Track and Trace

Local Policy and Legal/Programmatic: Proposition 64 establishes a State-level track and trace monitoring system to track cannabis from seed to sale. This State system is sufficient for local cannabis tracking within San Francisco.

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