

**San Francisco Cannabis State Legalization Task Force – Year II**  
**Non-Retail Licensing FINAL Task Force Recommendations**

**Technical**

<p><b>Non-Retail Licensing Elements</b></p>	<p><b><u>General</u></b></p> <ol style="list-style-type: none"> <li>1. San Francisco should make local permits for non-retail businesses available for all MCRSA and AUMA license categories and microbusinesses. San Francisco should not license large cultivation through State permit 3 or permit 5.</li>   <li>2. In addition to the State-defined license types, the following local license types should be created:             <ul style="list-style-type: none"> <li>• New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail)</li> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym)</li> <li>• New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples</li> </ul> <p>The above licenses would not include retail activity, except in the case of microbusinesses.</p> <p>Consumption lounges and temporary events should be allowed in San Francisco. The City should look into whether a license is necessary in these cases.</p> <p><i>*Note: Manufacturing 6B, consumption lounge and events with retail activity to be addressed later under retail licensing topic area.</i></p> </li>   <li>3. San Francisco should issue standalone permits for non-retail businesses; meaning no previous affiliation with medical cannabis dispensaries would be required as part of the licensing process.</li> </ol>
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4. The non-retail permitting process in San Francisco should be streamlined and efficient.
5. In the non-retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations.
6. San Francisco should respond to all State inquiries regarding local permits in a timely manner.
7. Security and Federal Government: Local Licensing agencies should do everything within their legal power to prevent disclosure of sensitive business and personal information to federal agencies. To reduce the risk of theft, local licensing agencies should keep non-retail facility physical addresses discreet, with mailing addresses as an appropriate way of providing information.

**Licensing Requirements**

8. Existing local and State laws and regulations cover many of the desired requirements for non-retail cannabis businesses. As such, the requirements for non-retail licensing should align with these local and State laws and regulations, including:
  - Board of Equalization (BOE) Sellers permit requirements
  - Articles of Incorporation
  - Labor laws
  - Occupational Safety and Health Administration (OSHA) standards
9. Non-retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the activity:
  - Hazardous materials and waste storage plan

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	<ul style="list-style-type: none"> <li>• State nursery program inspection</li> <li>• Building inspections from the Department of Building Inspection (DBI)</li> <li>• Fire Department documentation</li> <li>• Documentation of alignment with Agricultural Department best practices</li> <li>• Security plans</li> </ul> <p><b>10.</b> An annual inspection and a review of documents by a licensing agent should be required for non-retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE).</p> <p><b>11.</b> San Francisco should issue local non-retail licenses to the operator, and take steps to ensure that licenses are portable.</p>
<b>Dual Medical and Adult Cannabis Licensing</b>	<p><b>12.</b> San Francisco should not make a distinction between medical and adult use permitting for non-retail businesses.</p>
<b>Personal Cultivation</b>	<p><b>13.</b> Personal, noncommercial cultivation should not require a license in San Francisco.</p>

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**Social Justice**

<b>Strategies</b>	<ol style="list-style-type: none"> <li>1. San Francisco should engage community members in the target populations (people of color, women, transitional-age youth ages 21-24, and formerly incarcerated persons), workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs.</li>   <li>2. San Francisco should prioritize the following strategies for development:             <ol style="list-style-type: none"> <li>a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited.</li>   <li>b) An equity licensing program, which would include:                 <ul style="list-style-type: none"> <li>• Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes)</li> <li>• Subsidized permitting and license fees</li> <li>• Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others (funded by cannabis taxes)</li> <li>• Outreach and education to identify eligible demographics and community priorities for equity licensing components</li> </ul> </li> </ol> </li> </ol>
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	<p>Additional strategies could include outreach, education, and incentives customized to entrepreneurs and employees of target demographics, including formerly incarcerated people.</p> <p><b>3.</b> San Francisco should provide a clear, transparent pathway and process for businesses to acquire non-retail licenses, and existing businesses should be allowed to operate for a period of one year while a permit application is in process, including issuing a city licensing compliance process guide, integrated into the SF business portal.</p> <p><b>4.</b> San Francisco should ensure local regulatory agencies’ non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.</p>
<b>Stakeholders</b>	<p><b>5.</b> The following entities could be involved in the aforementioned social justice-focused efforts:</p> <ul style="list-style-type: none"> <li>• Neighborhood associations</li> <li>• Community business support programs (e.g., MEDA) and other local business associations</li> <li>• City College of San Francisco</li> <li>• Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color</li> <li>• Landlords</li> <li>• Office of Economic and Workforce Development (OEWD)</li> </ul>

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Community Engagement

<b>Strategies</b>	<ol style="list-style-type: none"><li>1. San Francisco should develop cannabis non-retail business operating standards to form part of the non-retail business permitting process. These standards should ensure that cannabis businesses are “good neighbors” to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).</li><li>2. Cannabis non-retail businesses, when located within 300 feet of a Residential or Neighborhood Commercial Zoning District, must conduct a pre-application meeting as part of the licensing process and notify all residents within 300 feet. The licensing entity would oversee this process.</li><li>3. The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations.</li><li>4. All employees of non-retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training.</li><li>5. For the sake of public safety, non-retail businesses should not aim to draw unnecessary attention to themselves through signage.</li></ol>
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<p><b>Stakeholders</b></p>	<p><b>6.</b> The following entities are stakeholders in the City’s community engagement efforts for non-retail:</p> <ul style="list-style-type: none"> <li>• Businesses</li> <li>• Residents</li> <li>• San Francisco Department of Public Health</li> <li>• San Francisco Police Department</li> <li>• San Francisco Fire Department</li> <li>• San Francisco Unified School District</li> <li>• Office of Economic and Workforce Development (OEWD)</li> <li>• Office of Small Business</li> <li>• Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency</li> </ul>
<p><b>Tourism and Hospitality</b></p>	<p><b>7.</b> San Francisco should create a certification program for non-retail tour companies in alignment with existing tour bus regulations. Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, and waste as a result of tours. Regulations should also set an upper limit on the number of visitors and tour frequency in order to maintain the non-retail nature of the facility.</p> <p><b>8.</b> Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the tour.</p> <p><b>9.</b> Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.</p>
<p><b>Youth Access and Exposure</b></p>	<p><b>10.</b> Non-retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.</p>

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	<p><b>11.</b> Non-retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.</p>
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