State Legislative Context

• **October 9, 2015**: Governor signed into law the Medical Marijuana Regulation and Safety Act ("MMRSA"), effective January 1, 2016.

• **November 8, 2016**: voters of California approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA).

• **June 27, 2017**: Governor signed into law the Medicinal and Adult-Use Cannabis Regulations and Safety Act (MAUCRSA).

• **September 16, 2017**: Governor signed AB 133, a clean-up to SB 94, further clarifying MAUCRSA.
State Cannabis Laws in 2017
Existing San Francisco Regulations

• Article 33 of the San Francisco Health Code, adopted in 2005, regulates medical cannabis, and authorizes the San Francisco Department of Public Health to oversee the permitting of medical cannabis dispensaries.

• Currently, there is no City law that authorizes and regulates commercial activities relating to non-medical cannabis. There is also no City law that authorizes and regulates the commercial manufacture, testing, or distribution of cannabis.
SF Cannabis State Legalization Task Force

• July 2015: Creation of the San Francisco Cannabis State Legalization Task Force
• December 2016: Task Force submitted its Year I Report that covered, among many things, recommendations related to:
  • Public Safety
  • Public Consumption
  • Youth Access + Exposure
  • Tourism + Hospitality
  • Land Use
  • Social Justice
  • Workforce
Mayor’s Executive Directive 16-05

• Issued November 9, 2016
• Related to the implementation of Prop 64
• Directed the Planning Department and the Department of Public Health to consult with relevant departments, outside experts, other adult-use jurisdictions and the Task Force to draft legislation that addressed:
  • Land Use
  • Local Licensing
  • Safety
  • Youth Access
Creation of the Office of Cannabis

• July 27, 2017: Legislation creating the Office and duties was unanimously passed by the Board of Supervisors and signed by the Mayor.

• Office of Cannabis (OOC) resides under the Office of the City Administrator.

• Duties: to implement San Francisco’s regulatory structure in coordination with all relevant departments and to ensure equity is considered in all policy decisions.
Timeline

Current San Francisco Timeline:
• September 26: Introduction of Proposed Legislation
• September 28: Planning Commission Informational
• October 2: Small Business Commission Informational
• October 3: Health Commission Informational
• October 19: Planning Commission Action
• November 1: Equity Report, Medicinal Access Report and Fee Schedule due to the Board of Supervisors

State Timeline:
• November: Release of emergency regulations from state licensing agencies + state license applications become available.
• January 1: Temporary license issuance
Guiding Principles & Policy Priorities:

• Prioritize public health and safety
• Minimize youth exposure & access
• Promote equity & social justice
• Support growth of the cannabis industry in a sustainable and thoughtful manner
• Maintain access to medicinal cannabis
• Support businesses in implementing provisions of Prop 64 and SB 94
• Promote jobs and reduce barriers to entry in the cannabis market
• Employ a phased approach to licensing & types of permitted activities
Equity Program

• The proposed ordinance:
  • requires the creation of an Equity Program that is designed to foster equitable access to participation in the cannabis industry, including equitable access to promotional and ownership opportunities in the industry,
  • declares that the program will offer and provide technical assistance to applicants who meet Equity Criteria,
  • makes clear that permanent cannabis business permits will not be made available until a program is established, and
  • prioritizes permit processing for equity applications.
Current Registration Process

• Purpose:
  • Bring existing activity out of the shadows and move the full supply chain that makes up the cannabis industry towards compliance.
  • Coordinate initial health and safety inspections with DPH, SFFD and DBI.
  • Project trends in license type(s) for 2018.
  • Assess workforce trends in the existing cannabis industry

• Registers must provide:
  • Information related to the types of activity being conducted and permanent permits they will seek in 2018
  • Location of the proposed cannabis business and proof to occupy
  • All permits, licenses, certificates and registration issued by San Francisco and/or the state
  • Business Registration Certificate
Proposed Types of Permits

- Cannabis Cultivation Facility
- Cannabis Manufacturing Facility
- Cannabis Testing Facility (may not hold any other permit types)
- Cannabis Distributor
- Cannabis Microbusiness
- Medicinal Cannabis Retailer
- Medicinal and Adult Use Cannabis Retailer
- Medicinal and Adult Use Cannabis Non-Storefront Retailer
Proposed Timeline for Permitting

Transition Phase:
  • Registration Process
  • Temporary Business Permits (medical):

Phase I:
  • 2018 Permanent Permits (medical and/or adult-use)

Phase II:
  • 2019 Permits –recommendation is to develop this based on 2018 data
Additional Items

• Contemplated:
  • Application requirements
  • Operating standards
  • Potential for 2019 public tours of manufacturing, cultivation and microbusiness facilities
  • City approval for delivery
  • Administrative penalties, civil penalties, permit suspensions and revocation + an appeals pathway

• Not Contemplated:
  • Caps on amount of permits issued
  • Caps on amounts of permits that an owner may hold