



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** May 24, 2016

**TO:** Mayor and Councilmembers

**FROM:** City Attorney's Office

**SUBJECT:** Medical Marijuana Regulations: Report On Legislative Issues And Options Relating To Cultivation, Transportation, Delivery, Manufacturing, Fees And Taxes

**RECOMMENDATION:** That Council:

- A. Receive a report and presentation on the effects of the City's medical marijuana regulations and the regulatory options presented by new state marijuana laws; and
- B. Provide direction regarding potential regulation of storefront marijuana dispensaries, taxes, fees, manufacturing, mobile delivery, and other marijuana related issues.

### EXECUTIVE SUMMARY:

Last year's Medical Marijuana Regulation and Safety Act (MMRSA) threatened local control over marijuana cultivation by imposing a March 1, 2016 deadline for local cultivation zoning laws. In response, the City Council introduced an ordinance on January 12, 2016 adding section 28.87.300 to the Santa Barbara Municipal Code to regulate cultivation of marijuana. The ordinance limits cultivation to 100 square feet by a qualified patient cultivating for his or her personal use at the qualified patient's lawful residence.

Council raised several concerns and questions at the time the cultivation ordinance was enacted. The City Attorney's Office and the Community Development Department were requested to return to Council with a report on what action other jurisdictions in the Tri-Counties area had taken with respect to cultivation, and the impact those regulations may have on the City's current marijuana storefront dispensary ordinance. Council also requested information on licensing, transportation, delivery, fees, taxes, testing, and manufacture of by-products related to medical marijuana.

## **DISCUSSION:**

### Update on Marijuana Storefront Dispensary Applications

The City's medical marijuana storefront dispensary ordinance (Dispensary Ordinance) allows three permitted storefront dispensaries within the City. No more than one dispensary may exist within any of five areas in which dispensaries may be permitted. As of May 1, 2016, there is one City permitted dispensary, but it has not yet begun operating. It will be located at 3617 State Street. This dispensary has identified a cultivation site within the County of Santa Barbara.

The Planning Commission's decision to approve a dispensary permit for 118 N. Milpas is on appeal to the City Council. It was heard on May 10, 2016. This dispensary has also identified a cultivation site within the County of Santa Barbara.

On April 19, 2016, a dispensary application was received for a location at 2609 De La Vina Street. It is currently under review by Community Development Department staff.

### Impact of Local Cultivation Regulation on the City's Storefront Dispensary Ordinance

In August 2008, then-California Attorney General Jerry Brown issued guidelines for the security and non-diversion of medical marijuana. At that time under California law, medical marijuana patients and primary caregivers could only "associate within the State of California in order [sic] collectively or cooperatively cultivate marijuana for medical purposes." (Health & Saf. Code, § 11362.775.) This meant that a dispensary could obtain marijuana only from its members, and could not sell the marijuana to its members for profit. The City's 2008-2010 Storefront Dispensary Ordinance, therefore, likewise required that a permitted storefront dispensary operate under a cooperative or collective model.

In January 2016, some members of the public questioned whether the City's proposed limits on personal cultivation were consistent with the City's Storefront Dispensary Ordinance. We have examined that assertion and disagree. The Dispensary Ordinance allows cultivation at sites within the Tri-Counties region. Although commercial or cooperative cultivation may not take place within the City, that restriction will not prevent lawful dispensaries from obtaining marijuana from within the Tri-Counties area and operating in Santa Barbara.

Because the City's Cultivation Ordinance limits cultivation strictly to personal medical use, and prohibits the transfer, exchange, or sale of marijuana, members of a storefront dispensary may not cultivate the marijuana within the City. The collective cultivation of the dispensary's marijuana must occur in a jurisdiction within the Tri-Counties area that allows for commercial cultivation. Based on a review of ordinances throughout the Tri-

Counties area it appears that, at this time, collective cultivation may be able to occur within the cities of Ojai and San Luis Obispo, and limited cultivation may occur within the County of Santa Barbara. The County of San Luis Obispo is in the process of drafting regulations, and it is uncertain whether collective cultivation will be allowed. We have attached, as Attachment 1, a summary of the marijuana regulations within the Tri-Counties by jurisdiction.

New state law has shifted away from the cooperative and collective model. But until the State begins issuing cultivation licenses, perhaps in 2018, dispensaries and their members, may collectively or cooperatively cultivate and distribute marijuana for medical purposes in jurisdictions permitting commercial cultivation without the threat of criminal penalty. One year after the state begins issuing cultivation licenses, however, anyone who cultivates marijuana without a state license, even if cultivated for a collective or cooperative, will face civil and/or criminal penalties. This is because MMRSA provides that any qualified patient or primary caregiver who cultivates marijuana for other than his or her own personal medical use will be deemed to be engaging in commercial cultivation requiring a state license. Once the state begins issuing licenses, a dispensary that wishes to continue to cultivate its own marijuana must submit a license application. Under MMRSA, dispensaries will only be able to obtain a license for a small indoor or outdoor cultivation operation. A small indoor or outdoor cultivation is, for the most part, limited to a canopy size of 10,000 square feet on one premise.

We have attached a summary of the City's Storefront Dispensary Ordinance and Cultivation Ordinance as Attachment 2.

#### City's Storefront Dispensary Inspection Program & Fees

The City's Storefront Dispensary Ordinance authorizes the Community Development Department and Police Department to conduct annual inspections of permitted dispensaries in order to ensure compliance with the ordinance and conditions of approval. The ordinance allows the City to impose a fee on the dispensary to recover the cost of annual inspections. Staff from the City Attorney's Office, Community Development Department, Police Department, and Finance Department have prepared a work program for storefront dispensary inspections and completed a time study to establish full-cost recovery through the permitted fee. These fees will be included in the recommended fee resolution for Fiscal Year 2017.

The Storefront Dispensary Ordinance also allows the City to conduct inspections more frequently than once a year if warranted or necessary. The ordinance, however, currently does not provide any means for cost recovery for these more frequent inspections. Staff believes more frequent inspections should be pursued, especially when the permitted dispensaries first begin operations.

### Mobile Delivery by Dispensaries

Under MMRSA, any state licensed marijuana dispensary may deliver marijuana to a qualified patient or primary caregiver. The Health and Safety Code specifically defines “delivery” as the commercial transfer of medical cannabis or medical cannabis products from a *dispensary*, up to an amount determined by the Bureau of Medical Marijuana Regulation (Bureau) to a primary caregiver, qualified patient, or testing laboratory. Therefore, unless otherwise regulated by a local jurisdiction, any state licensed dispensary may make deliveries anywhere within the state.

The City may enact regulations banning or restricting delivery within its boundaries. For example, the City could enact an ordinance allowing only locally permitted dispensaries to deliver marijuana. Presently, the City’s Storefront Dispensary Ordinance prevents a permitted storefront dispensary from engaging in mobile delivery, but does not prevent dispensaries permitted by other jurisdictions from delivery to qualified patients or primary caregivers within the City. This creates a somewhat perverse result, allowing dispensaries which are not locally regulated to deliver, while prohibiting locally regulated dispensaries from doing the same.

### Impact of State Licensing on Transportation, Manufacture, Distribution, and Testing

State licenses are required by any person or company that wishes to engage in the sale (dispensing), transportation, manufacture, cultivation, and testing of marijuana. With the exception of testing, a licensee may hold a license in only one other category. A testing licensee may not hold a license in any other category and may not have a financial interest in any business operating under another licensing category.

It is important to note the distinction between the definition of “delivery” and the definition of “transport or transporter” under MMRSA. As stated above, *delivery* of marijuana is limited to state licensed dispensaries taking marijuana from the dispensary and delivering it to a qualified patient or primary caregiver. On the other hand, *transport* of marijuana refers to an individual or company that has been licensed by the state to transfer marijuana between marijuana facilities that have been issued a state license. For example, a licensed transporter could take the marijuana from the cultivator to the manufacturer, and then from the manufacturer to the testing facility, but could not take the marijuana from the dispensary and deliver it to a member of the dispensary. Conversely, while the dispensary may, under its state license, deliver to its customers, it is precluded from holding a transportation license. Therefore, even if the dispensary had a cultivation license it would still be required to hire a transporter to take the cultivated marijuana from the grow site to the dispensary if they were not at the same location. Due to the possible need for a transporter to cross through the City’s limits in order to get to marijuana facilities in other jurisdictions, the City is most likely preempted by state law from regulating transportation through its zoning ordinance.

Under the State licensing scheme, a licensed transporter may only hold an additional license for distribution of medical marijuana. Similarly, a distributor may only hold an additional license for transportation. A “distributor” is a person or company licensed to purchase marijuana from a licensed cultivator or manufacturer for sale to a licensed dispensary.

Under state law, a licensed manufacturer of marijuana is any person who holds a state license for production, preparation, propagation, or compounding of marijuana to turn it into a concentrate, an edible product, or topical product directly or indirectly by extraction methods, by means of chemical synthesis, or by a combination of extraction and chemical syntheses. A marijuana dispensary may apply for a license to manufacture marijuana, however, the dispensary generally may not hold a license for manufacture, if it also holds a cultivation license. Because the manufacture of marijuana at a particular property and location would be considered a “commercial use” of the property, the City may be able to regulate the manufacture of marijuana through its zoning code.

Prior to sale or distribution of marijuana to the public, a batch of the marijuana that has been cultivated and/or manufactured must be sent to a licensed testing facility for quality assurance.

As Attachment 3, we have included a chart that summarizes the medical marijuana state licensing categories.

### Marijuana Taxation

Under current law, the City has the legal authority to impose a business or excise tax upon the gross receipts of marijuana sales, services and transactions, provided the tax is approved by the voters as required by the California Constitution. If the proceeds of such a tax are dedicated to general governmental purposes, a simple majority may pass the tax. However, general taxes may be proposed only on a regularly scheduled City Council election ballot, “except in cases of emergency declared by a unanimous vote of the governing body.” (Cal. Const., art. 13C, § 2.) Council will need to provide immediate direction should it wish to place a tax measure on the November 2016 ballot.

Several cities in California have implemented a voter-approved tax on the proceeds from the sale of medical marijuana by an authorized dispensary. The tax varies by jurisdiction, ranging from 4%-15%.

The City has the option of proposing an excise tax or a unique business license tax on the sale of medical marijuana. Excise taxes are taxes paid when purchases are made on a specific good, such as gasoline. Excise taxes are often included in the price of the product. Alternatively, the City could amend its existing Business License Tax Ordinance through a voter-approved measure to create a separate licensing category

for medical marijuana dispensaries, with provisions to determine the amount of taxes to be paid and the method of calculation.

The City could also consider establishing a business license tax for other businesses associated with medical marijuana activity, including manufacture, transportation and distribution. All of these activities also require state licensing and can, therefore, be locally regulated. The only caveat is that imposing a tax on multiple business activities increases the complexity and costs of administering the tax. It may be easier to impose and administer a tax only on storefront medical marijuana dispensaries, but to include language in a proposed ordinance that allows for the imposition of business license taxes on other business activities in the future as the industry matures.

The following summary provides some information on several cities that have implemented a tax on medical marijuana. This information was compiled by the City's revenue audit consultants. Based on their initial analysis, they found it difficult to quantify how much in revenues were generated because the cities do not generally segregate medical marijuana tax revenue in the financial reports.

- Palm Springs – 10% Excise Tax on proceeds from collectives with a valid City Council-issued permit. 15% tax on proceeds from collectives that do not have a City Council-issued permit (December 2013). As of December 2015, six dispensaries have been permitted by the City of Palm Springs. A media article indicates that the city received \$1,034,346 in 2014. However, the article also states that the city expects revenues to dip when dispensaries open in other cities.
- San Jose – 10% Business Tax on gross receipts from dispensaries. As of December 18, 2015, sixteen (16) dispensaries received a Notice of Completed Registration from the City of San Jose. The most recent General Fund forecast document stated for Fiscal Year 2013, indicates that revenues are anticipated to reach \$3.9 million. A media report indicates that over the past 5 years the City has collected \$19 million.
- Santa Cruz – 7%-10% Business Tax on gross receipts from dispensaries. The City of Santa Cruz projected revenues of \$66,000 to \$93,000. There are one to two dispensaries operating within the city.
- Sacramento – 4% Business Tax on gross receipts from dispensaries. Media reports indicate that for Fiscal Year 2015 the City collected \$2.86 million from the 4% tax. This year the City of Sacramento voted to approve commercial grow facilities and tax cultivated marijuana at 4%. There are also discussions to increase the tax on retail sales to 10%. Currently, 30 dispensaries are operating in the city.

- Cathedral City – Up to 15% Excise Tax on proceeds on marijuana collectives and dispensaries. Revenue information was not readily available.
- Desert Hot Springs – 10% Excise Tax on selling or providing medical marijuana in the City of Desert Hot Springs. There is no information to specify the tax applies to only retail sales. Cultivation tax of \$25.00 per square foot for the first 3,000 square feet, and then \$10.00 per square foot for any additional square foot use to grow marijuana. Revenue information was not readily available.
- Shasta Lake City – 6%-10% Business Tax on the retail sale. Tax started at 6% but can be increased to 10% at the city council's discretion. The Shasta Lake City estimated revenues at \$20,000 to \$200,000 annually.

Note that revenue estimates are very subjective. Initial revenue estimates generally do not account for low compliance levels due to black-market sales. Competition from other cities and counties will eventually reduce the price of marijuana and reduce the amount of tax.

### State Marijuana Initiatives

There are some 69 statewide initiatives and referenda currently cleared for circulation. In order to reach the November 2016 general election ballot, qualified initiatives must be certified by the Secretary of State no later than 131 days before the election, which this year is June 30, 2016. (Elec. Code, §9016.) As a result of low voter turnout in the last gubernatorial election, initiatives need only 365,880 valid signatures to qualify. California is currently home to more than 39 million people. This means that an initiative measure can qualify for the ballot with the signatures of less than 1% of the state's population.

Thus far, none of the 13 marijuana legalization initiatives which are currently eligible for circulation has been qualified for the November 2016 ballot. Ten of those measures have circulation deadlines falling before the June 30 cutoff. It is difficult to assess which of these measures may ultimately qualify for the November ballot. However, the "Adult Use of Marijuana Act," discussed below, appears likely to qualify.

The "Adult Use of Marijuana Act," listed on page vi of Attachment 4 (1762 (15-0103)), has the political support of Lt. Governor Gavin Newsom and the California Medical Association, along with substantial financial backing from Sean Parker of Facebook and Napster fame. As of February 2016, this measure had over \$2,000,000 in campaign funding. It received a relatively favorable ballot summary from the Attorney General, who stated that it would prohibit marijuana sales to persons under the age of 21, impose a 15% statewide excise tax and allow some degree of local regulation and taxation of marijuana. Medical marijuana would be exempt from state sales and use taxes. As of this writing, about 600,000 signatures have been submitted to the Secretary of State.

Examining the details of each possible initiative is beyond the scope of this report. However, we have provided the California Attorney General's title and summary for each of these ten potential measures, along with the proponent, as Attachment 4. The measures are listed in order of the date they qualified for circulation, with the oldest first. We have also included the proponents' common name for the measure.

## **SUMMARY & ACTION ITEMS**

In light of the MMRSA, which will effectively legalize and commercialize the medical marijuana industry through state licensing and taxation, the City's local regulatory approach based upon the collective or cooperative model of cultivation and distribution will no longer fit within the state regulatory scheme.

Staff requests direction from Council on potential ordinance amendments to address the following marijuana related issues:

- Mobile delivery of marijuana within the City by dispensaries located both within and outside the City;
- The requirement that City permitted dispensaries operate using a collective cultivation model once the state begins issuing licenses;
- Allowing the City to assess a fee to recover costs for compliance inspections more frequently than once per year;
- Examining the City's existing Dispensary Ordinance for possible amendments should recreational marijuana be legalized in November 2016;
- Amending the current zoning ordinance to address the local impacts associated with MMRSA;
- Marijuana taxation; and
- Possible zoning restrictions pertaining to other commercial marijuana related activities such as manufacture and testing.

**ATTACHMENTS:**

1. Tri-Counties Marijuana Regulation Summary
2. Dispensary and Cultivation Ordinance Summary
3. Medical Marijuana State Licensing Chart
4. Summary of Pending Marijuana Legalization Initiatives

**PREPARED BY:** Tava Ostrenger, Assistant City Attorney  
Ariel Pierre Calonne, City Attorney

**SUBMITTED BY:** Ariel Pierre Calonne, City Attorney

**APPROVED BY:** City Administrator's Office

**ATTACHMENT 1**

**TRI-COUNTIES MARIJUANA REGULATIONS**

**Disclaimer: Ordinances are subject to change. This table is for general reference and should not be relied upon for any legal purpose.**

<b>Jurisdiction</b>	<b>Commercial Cultivation</b>	<b>Personal Cultivation</b>	<b>Delivery</b>	<b>Dispensary</b>
<b>Santa Barbara County</b>	Prohibited for all new grows but allows exception for preexisting cultivation operations	Qualified Patient & Primary Caregiver may cultivate up to 100 sq. feet. at primary residence	Not regulated	Prohibited
<b>City of Santa Barbara</b>	Prohibited	Qualified Patient may cultivate up to 100 sq. feet. at legal residence	Not regulated	3 permitted (SBMC Chap. 28.80)
<b>Goleta</b>	Prohibited	Qualified Patient & Primary Caregiver may cultivate 6 mature or 12 immature plants at primary residence	Regulated	Prohibited with the exception of two preexisting
<b>Carpinteria</b>	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited

**ATTACHMENT 1**

<b>Jurisdiction</b>	<b>Commercial Cultivation</b>	<b>Personal Cultivation</b>	<b>Delivery</b>	<b>Dispensary</b>
<b>Santa Maria</b>	Prohibited	Prohibited	Not regulated?	Prohibited
<b>Lompoc</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Guadalupe</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Solvang</b>	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §§11362.77	Prohibited	Prohibited
<b>Buellton</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Ventura County</b>	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Permitted	Prohibited
<b>City of Ventura</b>	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Prohibited	Prohibited
<b>Oxnard</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Port Hueneme</b>	Prohibited	Prohibited	Prohibited	Prohibited

**ATTACHMENT 1**

**ATTACHMENT 1**

<b>Jurisdiction</b>	<b>Commercial Cultivation</b>	<b>Personal Cultivation</b>	<b>Delivery</b>	<b>Dispensary</b>
<b>Camarillo</b>	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Prohibited	Prohibited
<b>Simi Valley</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Thousand Oaks</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Ojai</b>	Not regulated. Permitted under H&S Code §§11362.77 & 11362.777	Not regulated. Permitted under H&S Code §§11362.77 & 11362.777	Not regulated	Not regulated
<b>Santa Paula</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Fillmore</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Moorpark</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>San Luis Obispo County</b>	In the process of regulating	In the process of regulating	In the process of regulating	In the process of regulating
<b>City of San Luis Obispo</b>	Not regulated	Not regulated	Not regulated	Not regulated
<b>Arroyo Grande</b>	Prohibited	Prohibited	Prohibited	Prohibited

**ATTACHMENT 1**

**ATTACHMENT 1**

<b>Jurisdiction</b>	<b>Commercial Cultivation</b>	<b>Personal Cultivation</b>	<b>Delivery</b>	<b>Dispensary</b>
<b>Atascadero</b>	Prohibited	Prohibited?	Prohibited	Prohibited
<b>Paso Robles</b>	Prohibited	Prohibited	Prohibited	Prohibited
<b>Grover Beach</b>	Prohibited	Not regulated? Permitted under H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited
<b>Morro Bay</b>	Prohibited	Permitted under H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited
<b>Pismo Beach</b>	Prohibited	Prohibited	Prohibited	Prohibited

**ATTACHMENT 1**

## ATTACHMENT 2

### SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

#### SBMC 28.80

##### I. Limitations on Permitted Locations

- Only 3 dispensary permits may be issued within the City of Santa Barbara
- 5 Geographic Locations
  - Outer State Street Area
  - Upper De La Vina Area
  - Mission Street Area
  - Milpas Area
  - West Pueblo Medical Facility Area
- Only one dispensary per geographic location
- May only occur on parcels zoned for commercial uses
- Must occur on a ground floor unit (except in the West Pueblo Medical Area) with good public view of the entrance and window from the street

##### II. Operations Plan

- Permit application must provide a detailed operations plan and dispensary must operate pursuant to that plan once permitted
- Operation Plan must include:
  - Site Plan & Floor Plan. Show that primary entrance be located and free of obstructions so that it is clearly visible from public street and sidewalk.
  - Secure Storage. Suitable locked storage for marijuana
  - Security Plan. Provisions for adequate lighting & alarms. Security guards must have a security guard card issued by Dept. of Consumer Affairs
  - Security Cameras & Alarms. Premises monitored at all times and the video retained for not less than 30 days. Alarms must be professionally monitored
  - Emergency Contact Info of Managing Member
  - Public Nuisance. How dispensary will address any public nuisance issues occurring on or around the premises
  - Loitering. Explain plan to prevent loitering by collective members
  - Trash & Graffiti. How to clean trash and graffiti.

## ATTACHMENT 2

### SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

#### III. Ongoing Management Requirements

- Only qualified patients or primary caregivers only may be permitted in the dispensing area (so must have separate area).
- Operational hours limited from 8 to 6 Mon – Saturday
- Parking. Will be considered a commercial use relative to parking requirements imposed by SBMC 28.90.100(I)
  - One space for every 250 sq. ft. (absent an exception)
- Signage limited to window or wall sign not over 6 sq. ft. or 10% of window area, whichever is less.
- Not for Profit. All cash or in-kind reimbursement shall only cover reasonable compensation for services provide for actual expenses to grow, process, and provide marijuana to members. Must comply with Health & Safety Code (11362.765 requires that collectives operate on a not for profit basis). Proposed legislation (AB 1575 would allow for profit operation).
- Dispensary Collective Members must reside in SB County
- Cultivation.
  - Marijuana must be cultivated by and provided to dispensary by a collective member
  - Application must identify where it is being cultivated and cultivation may only occur in the tri-county area
  - Cultivation may occur at dispensary if in locked facility (conflict but more recent will apply)
- No Mobile Dispensing. Distribution may only occur at the actual dispensary.

#### IV. Criteria for Review of Permit Application

- 12 Criteria that for the most part are fairly subjective
- Fall into 3 Categories
  - Not Violate CUA or MMPA or City Ordinances
  - Operation Will Not Create a Nuisance.
    - 9. No adverse effect to health, peace or safety
  - Applicant has Not or Is not Likely to Engaged in Criminal Activity
    - 1. Operation will not Violate CUA or MMPA, or City Codes
    - 2. Location not an area of increased or high crime
    - 3. No significant number of calls for police service (if previously operate

## ATTACHMENT 2

## ATTACHMENT 2

### SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

4. Adequate to meet the needs of the community
5. Adequate to serve the needs of the residents within proximity
6. Location is not prohibited by this chapter and no significant nuisance issues are anticipated
7. Operation Plan and site plan has addressed ways to reduce nuisance and illegal activity
8. Security plan will control patron's conduct
9. Will have no potentially adverse effect on health, peace, or safety, of persons living or working in the surrounding areas, or contribute to a public Nuisance.
10. No State or Local Law will be violated by issuance of the permit
11. No false statement or omission of material fact
12. Not engaged in fraudulent or unlawful acts with regards to operation of another business in the city.

#### V. Code Compliance

- Police or CDD staff may inspect the premises or the financial records (collective member records require a warrant)
- Annual compliance review subject to fee
- SHO suspend or revoke

#### **SBMC 28.87.300**

#### I. Introduction and Adoption

- Introduced on January 12, 2016
- Adopted on January 26, 2016
- Effective on February 26, 2016

Cultivation ordinance regulates the who, where, and how much

#### II. Who May Cultivate

- Limited to Qualified Patient (no primary caregiver exception) cultivating exclusively for personal use
- Commercial cultivation prohibited

## ATTACHMENT 2

## ATTACHMENT 2

### SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

#### III. How Much May be Cultivated

- Limited to a single contiguous horizontal plane of 100 sq. ft.

#### IV. Where Cultivation May Occur

- Any permitted dwelling unit in the city where a Qualified Patient lives
- Limited to 100 sq. ft. regardless of the number of QP's in a residence

#### V. Potential Impacts to Permitted Marijuana Dispensaries

- Prohibition on commercial cultivation (which prohibits any exchange of marijuana other than for personal use) means that Dispensaries must cultivate outside the City limit

ATTACHMENT 3

MEDICAL MARIJUANA STATE LICENSING CHART

•	Dispensary	Cultivation	Manufacture	Distribution	Transportation
Dispensary		X	X		
Cultivation	X		X		
Manufacture	X				
Distribution					X
Transportation				X	

This chart indicates by way of an “x,” which activities a licensee may apply to the State for an additional license pertaining to another medical marijuana activity. A licensee may only hold up to two State licenses at any given time.

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

#### “COMMUNITY ACT TO REGULATE, CONTROL AND TAX CANNABIS 2016”

**1711 (15-0049, Amdt. #1)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 10/26/2015 | Circulation Deadline: 04/25/16**

**/Alice A. Huffman (916) 498-1898**

Legalizes marijuana under state law. Designates the State Board of Equalization to regulate and license the marijuana industry, including medical marijuana. Provides certain exemptions for medical marijuana patients and caregivers. Imposes 10% taxes on transactions at each of the producer, processor, and retailer stages, including for medical marijuana. Allows 25 square feet of cultivation and one ounce of possession for personal consumption by persons 21 and over. Permits local regulation and taxation of marijuana businesses. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Additional state and local tax revenues of potentially up to several hundred million dollars annually from taxes on the production and sale of marijuana, a portion of which is required to be spent on substance abuse education, prevention, research, and healthcare, and regulation of commercial marijuana activities.

#### “CALIFORNIA CANNABIS HEMP INITIATIVE 2016”

**1712 (15-0050)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 10/28/2015 | Circulation Deadline: 04/25/16**

**Berton Duzy and Michael Jolson (805) 402-1212 or (831) 252-4637**

Legalizes marijuana and hemp under state law. Requires case-by-case review of charges or convictions for nonviolent marijuana offenses for possible sentence modification, amnesty, or immediate release from prison, jail, parole, or probation, and for possible clearance of criminal records. Requires Legislature to adopt laws to license and tax commercial marijuana sales. Allows doctors to approve or recommend marijuana for patients, regardless of age. Allows medical marijuana patients to designate collectives or dispensaries as primary caregivers. Limits testing for marijuana for employment or insurance purposes. Bars state or local aid to enforce federal marijuana laws. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana and industrial

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

hemp, a portion of which is required to be spent on marijuana-related research and other activities.

#### **“THE SAFE COMMUNITIES, PARKS, AND SCHOOLS ACT OF 2016”**

**1714 (15-0052A2)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 10/29/2015 | Circulation Deadline: 04/26/16**

**Chad M. Hines and Marinda D. Hanes (415) 915-5420**

Legalizes marijuana under state law. Creates commission to license and regulate marijuana industry. Establishes procedures for resentencing of persons convicted of nonviolent marijuana offenses. Imposes state excise tax on marijuana of \$.42 per gram of dried marijuana and \$2.00 per gram of concentrated marijuana. Imposes temporary additional state excise tax of 2.5% on marijuana retail sales. Permits local taxes of up to 10% on marijuana sales, with voter approval. Provides for collection of marijuana taxes by Board of Equalization. Exempts medical marijuana from some taxation. Limits local regulation of marijuana. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, most of which is designated to be spent on drug education and counseling services, state parks, research related to the medical use of marijuana, and regulation of commercial marijuana activities.

#### **"THE CALIFORNIA CANNABIS LEGALIZATION ACT OF 2016"**

**1720 (15-0058)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 11/09/2015 | Circulation Deadline: 05/09/16**

**Sam H. Clauder II (707) 656-4367 ccuc2016@gmail.com**

Legalizes marijuana and hemp under state law. Imposes sales and use taxes on marijuana, including some medical marijuana. Allows Legislature to adopt laws to license and tax commercial marijuana activities. Creates commission to make recommendations to the Legislature. Permits some local regulation of marijuana possession, cultivation, or consumption. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

potentially up to the low hundreds of millions of dollars annually related to the production and sale of marijuana, some of which would be required to be spent for specific purposes including regulating the marijuana industry and education, research, and substance abuse counseling and education services.

#### "THE CANNABIS LEGALIZATION ACT OF 2016"

**1722 (15-0060)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 11/10/2015 | Circulation Deadline: 05/09/16**

**Sam H. Clauder II (707) 656-4367 ccuc2016@gmail.com**

Legalizes marijuana and hemp under state law. Imposes sales and use taxes on marijuana, including some medical marijuana. Allows Legislature to adopt laws to license and tax commercial marijuana activities. Creates commission to make recommendations to the Legislature. Permits some local regulation of marijuana possession, cultivation, or consumption. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to the low hundreds of millions of dollars annually related to the production and sale of marijuana, some of which would be required to be spent for specific purposes including regulating the marijuana industry and education, research, and substance abuse counseling and education services.

#### "CALIFORNIA SAFE AND DRUG-FREE COMMUNITY ACT"

**1730 (15-0069)**

**Medical Marijuana. Initiative Statute.**

**Summary Date: 11/25/2015 | Circulation Deadline: 05/23/16**

**Roger D. Morgan, Scott Chipman, Carla Lowe, and Ron Allen (916) 434-5629  
rogermorgan339@gmail.com**

Bans all privately owned medical marijuana cultivation sites and dispensaries. Creates state-owned/operated dispensaries, and a single state-owned/operated site for medical marijuana cultivation, testing, and processing. Allows local governments to ban or restrict the number and location of state-owned dispensaries. Establishes packaging, lab testing, and potency standards for medical marijuana. Sets minimum age for medical marijuana use, at 21. Requires adoption of strict standards to govern physician medical marijuana recommendations for their patients. Specifies marijuana blood-content levels that establish driving under the influence. Retains current prohibition on recreational use of marijuana. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown change in state and

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

local revenues related to sales of medical marijuana depending on how the measure is implemented by the state. Increased state costs of millions to tens of millions of dollars annually to implement a program to educate K-12 students and their teachers and parents regarding marijuana use.

#### **“CONTROL, REGULATE, AND TAX CANNABIS ACT OF 2016”**

**1735 (15-0075A1)**

**Marijuana Legalization. Initiative Statute.**

***Summary Date: 12/09/2015 | Circulation Deadline: 06/06/16***

**Dale Sky Jones and Alice A. Huffman (510) 251-1544**

Legalizes marijuana under state law. Creates office and commission to license and regulate marijuana industry. Imposes state taxes of \$2 per square foot of marijuana cultivation, \$1 to \$15 per ounce of marijuana production, 10% of retail sales price for edible marijuana products and concentrated extracts, and 5% for other retail sales. Imposes additional 5% local tax on retail sales. Exempts medical marijuana from some taxation. Provides for collection of taxes by State Board of Equalization. Authorizes resentencing and destruction of records for prior marijuana convictions. Allows limited local regulation of marijuana. Eases state restrictions on industrial hemp farming. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over \$1 billion annually related to the production and sale of marijuana, most of which would be required to be spent for specific purposes such as education, environmental protection, marijuana-related research, and substance use treatment.

#### **"THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 3A"**

**1744 (15-0085A1)**

**Marijuana Legalization. Initiative Statute.**

***Summary Date: 12/22/2015 | Circulation Deadline: 06/20/16***

**Editte Dalya Lerman, David Nick, Omar Figueroa, Dave Hodges, John W. Lee, Michael Grafton, Archie Hinkle, Degé Coutee, Elihu Hernandez, Steve Kubby, A. Jon Martinelli, Lanette M. Davies, Craig Beresh, Deborah Tharp, Dona Frank, Jason W. Bennett, Gilbert E. Canedo, Denise Dorey, Russell Goodrow, Gregory Charles Ledbetter, Gregory F. Fuentes, Sandra Bacon Tercero, Shona Levana Gochenaur, Richard Miller, Jason Browne, Ron E. Mullins, c/o John Lee john@afpr.us**

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

Legalizes marijuana under state law. Creates commission to regulate and license marijuana industry. Applies general retail sales taxes to marijuana, unless medical or dietary exemptions apply. Permits excise taxes on certain marijuana sales, up to 15% of retail price, and storage, up to 10% of wholesale price. Prohibits discrimination based on marijuana use. Restricts marijuana testing for job applicants and employees, or penalizing employees for off-duty use, unless they are in safety-sensitive occupations. Permits local regulation of marijuana businesses, including ban or limit on number with voter approval. Exempts medical marijuana collectives from licensing requirements. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, most of which would be required to be spent for specific purposes such as education, public safety, and drug abuse education and treatment.

#### **"THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 4A"**

**1745 (15-0086A1)**

**Marijuana Legalization. Initiative Statute.**

***Summary Date: 12/22/2015 | Circulation Deadline: 06/20/16***

**Editte Dalya Lerman, Dave Hodges, Michael Grafton, Steve Kubby, Ron E. Mullins, David Nick, John W. Lee, Russell Goodrow, Richard Miller, c/o John Lee  
john@afpr.us**

Legalizes marijuana under state law. Creates commission to regulate and license marijuana industry. Applies general retail sales taxes to marijuana, unless medical or dietary exemptions apply. Permits excise tax on marijuana, up to 12% of retail price. Permits local governments to ban or limit the number of marijuana businesses within their boundaries if their voters approve. Requires each county sheriff to establish marijuana-specific diversion programs for marijuana offenders. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, a portion of which would be required to be spent for specific purposes such as education, public safety, and drug abuse education and treatment.

## ATTACHMENT 4

### SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

#### "THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 5"

**1746 (15-0087)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 12/22/2015 | Circulation Deadline: 06/20/16**

**Editte Dalya Lerman, Dave Hodges, Michael Grafton, Steve Kubby, Ron E. Mullins,  
David Nick, Russell Goodrow, Richard Miller, c/o John Lee john@afpr.us**

Legalizes marijuana under state law. Applies general retail sales taxes to non-medical marijuana. Permits Legislature to place additional excise tax on non-medical marijuana sales, up to 15% of retail price. Permits local governments to ban or limit the number of marijuana businesses within their boundaries if their voters approve. Requires State to create and fund diversion programs in each county exclusively for marijuana offenders. Requires Legislature to pass laws implementing the initiative by January 1, 2018. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana.

#### **"CONTROL, REGULATE AND TAX ADULT USE OF MARIJUANA ACT"**

#### **("THE ADULT USE OF MARIJUANA ACT")**

**1762 (15-0103)**

**Marijuana Legalization. Initiative Statute.**

**Summary Date: 01/06/2016 | Circulation Deadline: 07/05/16 | Signatures**

**Required: 365,880 - ([25% of Signatures Reached 02/04/2016](#)),**

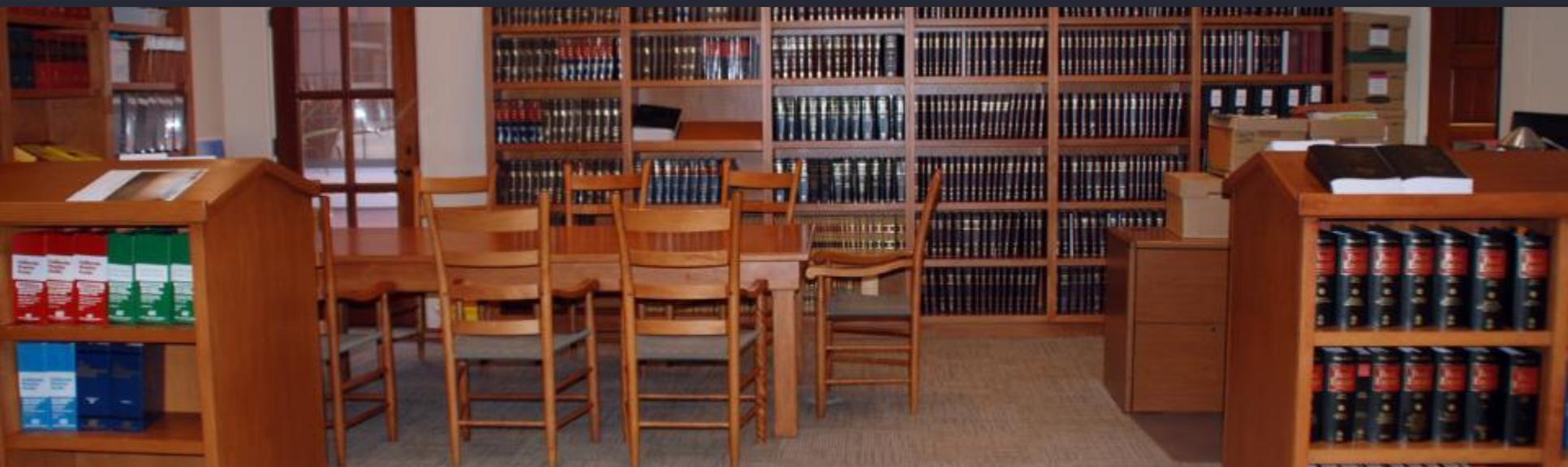
**Donald Lyman and Michael Sutton, c/o Lance H. Olson (916) 442-2952**

Legalizes marijuana and hemp under state law. Designates state agencies to license and regulate marijuana industry. Imposes state excise tax on retail sales of marijuana equal to 15% of sales price, and state cultivation taxes on marijuana of \$9.25 per ounce of flowers and \$2.75 per ounce of leaves. Exempts medical marijuana from some taxation. Establishes packaging, labeling, advertising, and marketing standards and restrictions for marijuana products. Allows local regulation and taxation of marijuana. Prohibits marketing and advertising marijuana to minors. Authorizes resentencing and destruction of records for prior marijuana convictions. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court

## **ATTACHMENT 4**

### **SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES**

system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over \$1 billion annually related to the production and sale of marijuana. Most of these funds would be required to be spent for specific purposes such as substance use disorder education, prevention, and treatment.



OFFICE OF THE **CITY ATTORNEY**

# **MEDICAL MARIJUANA REGULATIONS**

---

**Report On Legislative Issues And Options Relating To Cultivation,  
Transportation, Delivery, Manufacturing, Fees And Taxes**



# Overview

- **2015-2016 City Council Actions**
- **Tri-Counties Marijuana Regulations**
- **State Law Impacts on Santa Barbara Dispensary Ordinance**
- **State Licensed Marijuana Activities**
- **Taxation Options**
- **Marijuana Legalization Initiatives**
- **Council Discussion of Potential Actions**



# 2015-2016 CITY COUNCIL ACTIONS

---



## **SBMC 28.87.300: January 2016**

- **Allows Cannabis Cultivation for Personal Medical Use**
  - Patients are permitted to grow one hundred (100) square feet of marijuana indoors or outdoors
- **Commercial Cannabis Cultivation Prohibited Citywide**



# TRI-COUNTIES MARIJUANA REGULATIONS

---

Commercial Cultivation

Personal Cultivation

Delivery

Dispensaries



# Commercial Cultivation

## Permitted:

- County of Santa Barbara: Preexisting Commercial Cultivation Operations

## Unregulated:

- Ojai
- County of San Luis Obispo
- City of San Luis Obispo



# Personal Cultivation

## Santa Barbara County:

- Permitted in County & all South County Cities
- Prohibited in all North County Cities (with exception of Solvang)

## Ventura County:

- Permitted in County, Ventura, Camarillo, & Ojai
- Prohibited in the 7 other Cities

## SLO County:

- Permitted in County, SLO, Grover Beach & Morro Bay
- Prohibited in the 4 other Cities



# Delivery

## **Santa Barbara County:**

- Permitted or not regulated by County, Santa Barbara, & Goleta
- Prohibited in all other Cities

## **Ventura County:**

- Permitted by County & Not regulated by Ojai
- Prohibited in the 9 other Cities

## **SLO County:**

- Not Regulated by County or SLO
- Prohibited in the 6 other Cities



# Dispensaries

## **Santa Barbara County:**

- 3 Permitted in Santa Barbara & 2 preexisting permitted in Goleta
- Prohibited in the County and all other Cities

## **Ventura County:**

- Not regulated by Ojai
- Prohibited in the County and all other Cities

## **SLO County:**

- Not Regulated by County or SLO
- Prohibited in the 6 other Cities



# STATE LAW IMPACTS ON SANTA BARBARA DISPENSARY ORDINANCE

---

AB 243 | AB 266 | SB 643

Collective Cultivation

Delivery

Transportation, Distribution, Manufacture, & Testing

Taxation

Inspection Program & Fees



# Collective Cultivation

- **Personal cultivation limits will not conflict with Dispensary Ordinance**
  - Before MMRSA, state law required collective cultivation
  - Collective cultivation in Ojai, SLO, & County of Santa Barbara
- **MMRSA Shifts Away from Collective Model**
  - Collective cultivation defense to prosecution until 2019
  - Collective cultivation will be considered commercial cultivation
  - Dispensaries will be able to obtain a state license to cultivate



# Mobile Delivery

- **Any state licensed dispensary may deliver**
- **Subject to local regulation**
  - Total ban on delivery
  - Allow by any state licensed dispensary
  - Only allow by City permitted dispensary
- **Dispensary Ordinance prohibits the City's permitted dispensaries from making deliveries**



# Inspection Program & Fees

- Annual compliance inspection program
- Cost recovery fee
- More frequent inspections are permitted
- Cost recovery fee limited to annual inspection
- Ordinance amendment for recovery of fees for more frequent inspection



# STATE LICENSED MARIJUANA ACTIVITIES

---

Dispensaries  
Testing  
Manufacture  
Distribution  
Transport  
Cultivation



# Transport, Distribution, & Manufacture

- **“Transporter”** refers to a person or company licensed to transfer MJ between other state licensed MJ facilities.
- **“Distributor”** is a person or company licensed to purchase MJ from a cultivator or manufacturer and sell it to a dispensary.
- **“Manufacturer”** is a person or company licensed to process MJ and turn it into a concentrate, edible, or topical product.



# State Multiple License Matrix

	Dispensary	Cultivation	Manufacture	Distribution	Transport
Dispensary		X	X		
Cultivation	X		X		
Manufacture	X	X			
Distribution					X
Transport				X	



# TAXATION OPTIONS

---

Under Current State Law



# Taxation

- City may impose a tax on the gross receipts of sales, services, & transactions
- Voter approval required under Proposition 218
- Excise v. Business License Tax?
- California cities have enacted taxes between 4% - 15%



## Other California Cities Taxes

- **Palm Springs:** 0% - 15% Excise Tax on dispensary sales.
- **San Jose:** 10% Business Tax on dispensary sales.
- **City of Santa Cruz:** 7% - 10% Business Tax dispensary sales.
- **City of Sacramento:** 4% Business Tax dispensary sales. Tax cultivated marijuana at 4%.
- **Cathedral City:** Up to 15% Excise Tax dispensary sales.
- **Desert Hot Springs:** 10% Excise Tax on retail sale.  
Cultivation tax of \$25.00 per square foot for the first 3,000 square feet, and then \$10.00 per square foot for any additional square foot use to grow marijuana.
- **Shasta Lake City:** 6% - 10% Business Tax on the retail sale.



# MARIJUANA LEGALIZATION INITIATIVES

---



# November 2016 Marijuana Initiatives

- 13 marijuana legalization initiatives
- None currently eligible for November 2016 Ballot
- Only 365,880 signatures needed to qualify
- Ten measures have June 30<sup>th</sup> circulation deadline
- **Adult Use of Marijuana Act proponents submitted 600,000 signatures**



# AUMA: Preliminary Analysis Only

- **Preliminary Analysis Only**
  - Final analysis will depend on ballot arguments
- **Local Control Preserved to Some Extent**
  - “Nothing in this division” supersedes or limits city authority to regulate state licensed marijuana businesses
  - Allows supplemental local health and safety, environmental, testing, security and worker protection “standards, requirements and regulations”
  - **Some conflict with Recent Santa Barbara Cultivation Ordinance**

# AUMA: Purposes & Effects

- **Purposes include:**
  - “Allow local governments to ***enforce state laws***”
  - “Allow local governments to ***ban*** nonmedical marijuana business as set forth in this Act”
  - “Allow local governments to ***reasonably regulate*** cultivation . . . and only to ban outdoor cultivation as set forth in this Act”
- **Effects: Legalizes Nonmedical Marijuana**
  - Major Impacts on State and Local Regulatory Structure



## AUMA: Summary

- Legalizes possession, transport, purchase, & consumption by adults 21 or over
- State licensing of retail, cultivation, manufacture, testing, & distribution
- Imposes 15% excise tax on retail sale
  - Exempts medical cannabis from state sales and use taxes
- Imposes cultivation tax in 2018 of \$9.25/oz for flowers & \$2.75/oz for leaves

# AUMA: Local Powers

- **City Powers:**
  - **Regulate or ban state licensed marijuana activities**
  - **Enact “reasonable regulations to “reasonably regulate” personal cultivation**
  - **Cannot ban indoor personal residential cultivation (Compare SBMC 28.87.300)**
    - **Indoor includes accessory structures (sheds)**
    - **Can ban outdoor cultivation unless federal law changes**
  - **Law enforcement may enforce state regulations**
  - **Establish other local taxes?**



## AUMA: Other Issues

- Grants priority for state nonmedical licenses to existing City medical permittees
  - No automatic conversion of local medical dispensaries
  - City would need to regulate
- State licensees need not document their local permit to the state



# COUNCIL DISCUSSION OF POTENTIAL ACTIONS

---



- **Regulate or Ban Mobile Delivery**
- **Reconsideration of Dispensary Ordinance  
Collective Cultivation Model**
- **Fee Recovery for Compliance Inspections  
Conducted More Than Once a Year**
- **Zoning and Other Amendments to Address  
Nonmedical Medical Marijuana Activities**
- **Marijuana Taxation**
- **Anticipating AUMA Impacts**