

[Police Code - Cannabis Regulation]

**Ordinance amending the Police Code to allow holders of temporary cannabis business permits to transfer an aggregate ownership interest of 50% or more in the business to persons that were not owners at the time the temporary permit was issued so long as five years or more have passed since the Office of Cannabis Director first acknowledged receipt of the business’s application for a temporary cannabis business permit, regardless of whether the business has received a permanent cannabis business permit.**

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. Article 16 of the Police Code is hereby amended by revising Section 1608, to read as follows:

**SEC. 1608. TRANSFER OF PERMIT; PORTABILITY OF PERMIT; SALE OF CANNABIS BUSINESS; CHANGE IN OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.**

\* \* \* \*

**(c) Ownership; Changes in Ownership; Changes in Form or Structure.**

\* \* \* \*

(5) Notwithstanding any other provision of this subsection (c), prior to the award of a ~~permanent~~ Cannabis Business Permit, permanent or temporary, and for five years following

1 the date on which the Director ~~has acknowledged~~ acknowledges receipt of an application for a  
2 Cannabis Business Permit ~~from a particular Applicant or Permittee~~, an aggregate ownership  
3 interest of 50% or more in ~~a that Applicant or~~ Permittee may not be transferred to any Person  
4 or combination of Persons who were not Owners of the Permittee at the time that a Cannabis  
5 Business Permit was first awarded to that Applicant or Permittee under this Article 16. ~~This~~  
6 ~~restriction shall be cumulative, as to each Permittee, across any permits (whether temporary or~~  
7 ~~permanent) issued under this Article 16. Nothing in this subsection (c)(5) shall prohibit a holder of a~~  
8 ~~Temporary Cannabis Business Permit from transferring an aggregate ownership interest of 50% or~~  
9 ~~more in the Permittee prior to the award of a permanent Cannabis Business Permit to that Permittee~~  
10 ~~after five years have passed from the earliest date on which the Director acknowledged receipt of an~~  
11 ~~application for a Cannabis Business Permit, whether temporary or permanent, from that Permittee.~~ In  
12 the event that, prior to the award of a ~~permanent~~ Cannabis Business Permit or ~~within~~ prior to  
13 five years ~~from~~ after the date on which the Director ~~acknowledges~~ acknowledged receipt of the  
14 application for ~~the relevant a~~ Cannabis Business Permit ~~from that Permittee~~, an aggregate  
15 ownership interest of 50% or more in a Permittee is transferred to any Person or combination  
16 of Persons who were not Owners of the Permittee at the time that a Cannabis Business  
17 Permit was awarded, in violation of this subsection (c)(5), and the Permittee fails to undo the  
18 prohibited ownership transfer within six months of receiving notification of such violation from the  
19 Director, the Permittee shall promptly surrender the permit to the Director. This restriction shall  
20 not apply to any testamentary or intestate transfer of ownership triggered by an Owner's  
21 death. This obligation is not dependent on the Director's requesting the surrender, but arises  
22 by operation of law ~~on~~ six months following notice from the Director that the sale of the Cannabis  
23 Business has violated the transfer restriction in this subsection (c)(5). If the Permittee fails to  
24 surrender the permit to the Director, the Director may, after giving the Permittee notice by mail  
25 and electronically of the proposed action and an opportunity to respond, revoke the permit.

1  
2           Section 2. Effective Date. This ordinance shall become effective 30 days after  
3 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
4 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
5 of Supervisors overrides the Mayor's veto of the ordinance.  
6

7           Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
8 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
9 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
10 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
11 additions, and Board amendment deletions in accordance with the "Note" that appears under  
12 the official title of the ordinance.  
13

14 APPROVED AS TO FORM:  
15 DAVID CHIU, City Attorney

16 By:     /s/ Sarah Crowley      
17       SARAH CROWLEY  
18       Deputy City Attorney

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**City and County of San Francisco**  
**Tails**  
**Ordinance**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 230162

**Date Passed:** April 04, 2023

Ordinance amending the Police Code to allow holders of temporary cannabis business permits to transfer an aggregate ownership interest of 50% or more in the business to persons that were not owners at the time the temporary permit was issued so long as five years or more have passed since the Office of Cannabis Director first acknowledged receipt of the business's application for a temporary cannabis business permit, regardless of whether the business has received a permanent cannabis business permit.

March 09, 2023 Public Safety and Neighborhood Services Committee - RECOMMENDED

March 21, 2023 Board of Supervisors - PASSED ON FIRST READING


Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

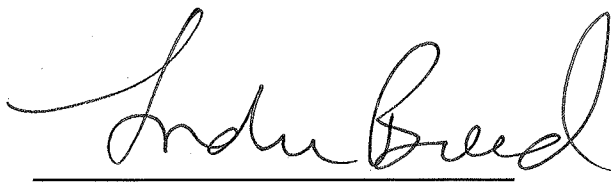
April 04, 2023 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230162

I hereby certify that the foregoing Ordinance was **FINALLY PASSED** on 4/4/2023 by the Board of Supervisors of the City and County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
London N. Breed  
Mayor

4/14/23  
\_\_\_\_\_  
Date Approved