[Police and Health Codes - Regulation of Cannabis Businesses]

Ordinance amending the Police Code to extend by one year the possible duration of a Temporary Cannabis Business Permit; and amending the Health Code to increase, from 90 days to 120 days, the time period that the Director of the Office of Cannabis may extend a medical cannabis dispensary's authorization to sell adult use cannabis, and extending by one year to December 31, 2019, the date on which Article 33 (Medical Cannabis Act) expires. Ordinance amending the Police Code by making a number of changes in the regulation of commercial cannabis activity, including, among other things: 1) defining ownership interest for purposes of the Equity Program in a Cannabis Business; 2) modifying the Cannabis Equity Incubator Program requirements; 3) extending by one year the possible duration of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue operations due to a no-fault lease termination before December 31, 2018; 5) modifying the order in which the Director may review and process Cannabis Business Permit applications; 6) revising requirements associated with a Cannabis Business’ change in ownership and structure requiring Cannabis Business permit amendments when a change in ownership results in a decrease in an Equity Applicant’s Ownership Interest or role in the Cannabis Business; 7) revising Cannabis Business Permit application requirements; 8) requiring Cannabis Businesses to comply with all permit conditions whether or not they are currently engaging in the permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both, and reducing from four to three the categories of Commercial activity required to
operate as a Cannabis Microbusiness; and amending the Health Code by revising eligibility requirements for medical cannabis dispensaries seeking authorization to Sell Adult-Use Cannabis, and extending by one year to December 31, 2019 the date on which Article 33 (Medical-Cannabis Act) expires.

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. As introduced, this ordinance proposed revising Administrative Code Sections 1602, 1604, 1605, 1606, 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629, and 1634 and Health Code Sections 3322 and 3323. At its regular meeting on October 24, 2018, the Board of Supervisors Rules Committee duplicated the file, and amended this ordinance to remove the amendments to Administrative Code Sections 1602, 1604, 1606, 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629, and 1634 such that this ordinance amends only Administrative Code Sections 1605 and Health Code Sections 3322 and 3323.

Section 2. Article 16 of the Police Code is hereby amended by revising Section 1605, to read as follows:

SEC. 1605. TRANSITION PROVISION.

* * * *
(h) **Duration.** A Temporary Cannabis Business Permit issued under this Section 1605 shall be valid for a period of 120 days and may be extended for additional 120-day periods at the discretion of the Director. Notwithstanding the prior sentence, the Director shall not issue a new temporary permit after January 1, 2019, and shall not extend the term of a Temporary Cannabis Business Permit issued to an applicant for a Cannabis Business Permit under this Article 16 past January 1, December 31, 2019.

* * * *

Section 3. Article 33 of the Health Code is hereby amended by revising Sections 3322 and 3323, to read as follows:

**SEC. 3322. TRANSITION PROVISION.**

* * * *

(e) The Director may extend the authorization to Sell Adult Use Cannabis for additional 12090-day periods beyond the 120-day period set forth in subsection (d) of this Section 3322 upon a finding that:

1. The Office of Cannabis has not had sufficient time to review and process applications for Cannabis Business Permits under Article 16 of the Police Code; and
2. The medical cannabis dispensary has demonstrated good faith compliance with its Equity Plan to the satisfaction of the Director of the Office of Cannabis.

The Director's authority under this subsection (e) to extend 12090-day periods for authorization to sell Adult Use Cannabis may be exercised only at intervals of approximately 12090 days, as to each distinct 12090-day period. Thus, for example, the Director may not
simultaneously authorize two consecutive 12000-day extensions for the same medical
cannabis dispensary.

SEC. 3323. SUNSET PROVISION.

This Article 33 shall expire by operation of law on December 31, 2019, at which time
all permits authorizing the operation of a Medical Cannabis Dispensary issued under this
Article 33 shall be rendered invalid after December 31, 2018, except for those permits issued under
this Article 33 where the permit holder has applied for a Police Code Article 16 permit, which shall be
rendered invalid on December 31, 2019. Upon expiration of the Article, the City Attorney shall
cause it to be removed from the Health Code.

Section 4. Effective Date.

This ordinance shall become effective 30 days after enactment. Enactment occurs
when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
Mayor's veto of the ordinance.

Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
additions, and Board amendment deletions in accordance with the "Note" that appears under
the official title of the ordinance.
APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 

JANA CLARK
Deputy City Attorney
File Number: 181041  Date Passed: November 13, 2018

Ordinance amending the Police Code to extend by one year the possible duration of a Temporary Cannabis Business Permit; and amending the Health Code to increase, from 90 days to 120 days, the time period that the Director of the Office of Cannabis may extend a medical cannabis dispensary's authorization to sell adult use cannabis, and extending by one year to December 31, 2019, the date on which Article 33 (Medical Cannabis Act) expires.

October 24, 2018 Rules Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

October 24, 2018 Rules Committee - RECOMMENDED AS AMENDED

October 30, 2018 Board of Supervisors - PASSED ON FIRST READING
   Ayes: 11 - Brown, Cohen, Fewer, Kim, Mandelman, Peskin, Ronen, Safai, Stefani, Tang and Yee

November 13, 2018 Board of Supervisors - FINALLY PASSED
   Ayes: 11 - Brown, Cohen, Fewer, Kim, Mandelman, Peskin, Ronen, Safai, Stefani, Tang and Yee

File No. 181041

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 11/13/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved