

1 [Police and Health Codes - Regulation of Cannabis Businesses]

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

1 ~~operate as a Cannabis Microbusiness; and amending the Health Code by revising~~
2 ~~eligibility requirements for medical cannabis dispensaries seeking authorization to Sell~~
3 ~~Adult Use Cannabis, and extending by one year to December 31, 2019 the date on~~
4 ~~which Article 33 (Medical Cannabis Act) expires.~~

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6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. As introduced, this ordinance proposed revising Administrative Code
15 Sections 1602, 1604, 1605, 1606, 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629,
16 and 1634 and Health Code Sections 3322 and 3323. At its regular meeting on October 24,
17 2018, the Board of Supervisors Rules Committee duplicated the file, and amended this
18 ordinance to remove the amendments to Administrative Code Sections 1602, 1604, 1606,
19 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629, and 1634 such that this ordinance
20 amends only Administrative Code Sections 1605 and Health Code Sections 3322 and 3323.

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

23
24 **SEC. 1605. TRANSITION PROVISION.**

25 * * * *

1 (h) **Duration.** A Temporary Cannabis Business Permit issued under this Section 1605
2 shall be valid for a period of 120 days and may be extended for additional 12090-day periods
3 at the discretion of the Director. Notwithstanding the prior sentence, the Director shall not
4 issue a new temporary permit after January 1, 2019, and shall not extend the term of a
5 Temporary Cannabis Business Permit *issued to an applicant for a Cannabis Business Permit under*
6 *this Article 16 past ~~January 1~~December 31, 2019.*

7 * * * *

8
9 Section 3. Article 33 of the Health Code is hereby amended by revising Sections 3322
10 and 3323, to read as follows:

11
12 **SEC. 3322. TRANSITION PROVISION.**

13
14 * * * *

15 (e) The Director may extend the authorization to Sell Adult Use Cannabis for additional
16 12090-day periods beyond the 120-day period set forth in subsection (d) of this Section 3322
17 upon a finding that:

18 (1) The Office of Cannabis has not had sufficient time to review and process
19 applications for Cannabis Business Permits under Article 16 of the Police Code; and

20 (2) The medical cannabis dispensary has demonstrated good faith compliance
21 with its Equity Plan to the satisfaction of the Director of the Office of Cannabis.

22 The Director's authority under this subsection (~~e~~f) to extend 12090-day periods for
23 authorization to sell Adult Use Cannabis may be exercised only at intervals of approximately
24 12090 days, as to each distinct 12090-day period. Thus, for example, the Director may not
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1 simultaneously authorize two consecutive 12090-day extensions for the same medical
2 cannabis dispensary.

3
4 **SEC. 3323. SUNSET PROVISION.**


5 This Article 33 shall expire by operation of law on December 31, 201918, *at which time*
6 ~~all~~ permits authorizing the operation of a Medical Cannabis Dispensary issued under this
7 Article 33 shall be rendered invalid *after December 31, 2018, except for those permits issued under*
8 *this Article 33 where the permit holder has applied for a Police Code Article 16 permit, which shall be*
9 *rendered invalid on December 31, 2019.* Upon expiration of the Article, the City Attorney shall
10 cause it to be removed from the Health Code.

11
12 **Section 4. Effective Date.**

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

17
18 **Section 5. Scope of Ordinance.** In enacting this ordinance, the Board of Supervisors
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
22 additions, and Board amendment deletions in accordance with the "Note" that appears under
23 the official title of the ordinance.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

3 By: 
4 JANA CLARK
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: 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

11/20/18

Date Approved