

Submitted in Rules Committee

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~~Item~~ Communication from the CAO, CLP

# POLICY OPTIONS FOR CANNABIS REGULATIONS Presentation



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# Background

- On November 5, 1996, California enacted Prop 215 and became the first state to establish a medical marijuana program.
- In May 2013, the City enacted Prop D to provide an enforcement and regulatory framework for medical marijuana dispensaries (MMDs) in the absence of state regulation.
- In 2015, the State enacted MCRSA. MCRSA recognizes a large range of medical marijuana businesses (MMB) such as: 1) cultivation; 2) product manufacturing; 3) distribution and transportation; 4) testing laboratories; and, 5) dispensaries.
- On November 8, 2016, the Adult Use of Marijuana Act (AUMA) generally legalizes the cultivation, possession, and use of recreational marijuana by adults 21 years and over.



# MEDICAL CANNABIS REGULATION AND SAFETY ACT (MCRSA)

- MCRSA requires medical marijuana businesses (MMB) to obtain a state license and local license/permit in order to operate lawfully within California.
- MCRSA divides state licensing and enforcement responsibilities among three agencies:
  - 1) The Department of Food and Agriculture will issue medical marijuana cultivation licenses.
  - 2) The Department of Consumer Affairs will issue licenses for medical marijuana dispensaries, distributors, and transporters.
  - 3) The Department of Public Health will issue licenses for medical marijuana manufacturers and testing laboratories.

# ADULT USE OF MARIJUANA ACT (AUMA)

- AUMA's passage legalizes recreational marijuana throughout the State and allows the City, at its sole discretion, to institute a licensing system for cultivation, manufacturing, processing, distribution, and testing of marijuana.
- AUMA does not contain a dual licensing requirement; marijuana-related businesses (MRB) can apply for a state license without having to show proof of compliance with local regulations.



# REGULATORY OPTIONS AVAILABLE TO THE CITY

- Regulatory framework – Since MCRSA establishes a state framework for regulating all aspects of the medical marijuana industry, the City has the option of allowing some or all such businesses through some form of a local regulatory permit/license system.
- Permissive zoning – The Zoning Code is drafted in a permissive fashion such that any use not enumerated therein is presumptively prohibited.
- Express bans – MCRSA recognizes a range of new medical marijuana businesses, including cultivators, manufacturers, distributors, transporters, and testing laboratories. The City may opt to ban all or specific activities under MCRSA.

# Marijuana Report Backs

1. Issues Requiring an Environmental Analysis
2. Analysis of Best Practices Regarding Operating, Land Use, and Inspection Requirements
3. Analysis of Land Use Compatibility for Various Types of Marijuana-Related Businesses (MRBs)
4. Analysis of Tax Rates for Marijuana-Related Businesses (MRBs)
5. Penalties to Discourage Illegal Activities
6. Analysis of Administrative Costs to Regulate MRBs
7. Social Justice and Equity Issues