

POLICY OPTIONS FOR CANNABIS REGULATIONS

Presentation



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BACKGROUND

- On November 5, 1996, California became the first state to establish a medical marijuana program.
- In May 2013, the City enacted Proposition (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 (MMBs).
- On November 8, 2016, voters approved the Adult Use of Marijuana Act (AUMA), which generally legalizes the cultivation, possession, and use of recreational marijuana by adults 21 years and over.
- On March 7, 2017, voters approved Prop M, which affirmed the Council and Mayor's authority to regulate all aspects of commercial cannabis activity in the City and established gross receipt tax rates for commercial cannabis activity.

MEDICAL CANNABIS REGULATION AND SAFETY ACT (MCRSA)

- MCRSA requires medical marijuana businesses (MMB) to obtain a state license and City 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 cannabis cultivation licenses.
 - 2) The Department of Consumer Affairs will issue licenses for medical cannabis dispensaries, distributors, and transporters.
 - 3) The Department of Public Health will issue licenses for medical cannabis 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 allows the sale of recreational/adult use marijuana by state-licensed retailers only.
- The state will begin issuing licenses no earlier than January 2018.
- AUMA does not contain a dual licensing requirement like MCRSA; marijuana-related businesses (MRBs) can apply for a state license without having to show proof of a City license.
- The City is allowed to completely ban marijuana-related businesses.

CANNABIS REGULATION AFTER CITIZEN INPUT, TAXATION, AND ENFORCEMENT (PROP M)

- Affirms the City Council's authority to regulate all aspects of commercial cannabis activity in the City.
- Requires the City to adopt an Ordinance repealing Prop D, effective January 2018, unless the Council adopts a Resolution specifying another date for the repeal.
- Grants dispensaries that have been operating lawfully under Prop D priority licensing under any new regulatory framework the City adopts.
- Establishes gross receipt tax rates for commercial cannabis activities, effective January 2018.
- Makes it unlawful to engage in commercial cannabis activities without a City license after January 2018, and establishes criminal and civil penalties for violations.

REGULATORY OPTIONS AVAILABLE TO IMPLEMENT PROP M

- Establish a regulatory framework for all MRBs through a City permitting/licensing system.
- Update the City's Zoning Code to include a use category, distance requirements, and allowable zones/locations for MRBs.
- Identify or create an administrative entity within the City to regulate MRBs and conduct the necessary fee studies to achieve full cost recovery for permitting, inspection, and oversight activities.