



**Board of Supervisors Meeting
9/10/19
FEES FOR COMMERCIAL CANNABIS PERMITTING
PROGRAM**



Presentation Overview

- Today's presentation is about funding a County commercial cannabis permitting program with fees
- Fee recommendation
- Fee options
- Background, studying, and lessons learned
- Next steps



Commercial Activity - Two Themes

- **Local Control:** State licensing system preserves local control over commercial cannabis activities. Each local government or its citizens decide whether to allow commercial cannabis activities and, if so, what type, how many, where, etc.
 - Authorization by the County or compliance with County regulations cannot affect independent authority of state agencies.
- **Federal Government:** Cannabis remains a Schedule 1 drug and possession, use, cultivation, distribution, etc. of cannabis is illegal under federal law. Authorization by the State or County or possession of a State license cannot protect a person from federal prosecution.
 - Current federal administration has indicated it will not be as permissive as prior administration. Attorney General Sessions rescinded prior non-enforcement policy.
 - Recent legal challenge to federal government's classification of cannabis as a Schedule 1 drug was unsuccessful.



License Types

- **Cultivation**
 - Indoor - specialty small; non-specialty small, medium, or large
 - Outdoor - specialty small; non-specialty small, medium, or large
 - Mixed-Light - specialty small; non-specialty small, medium, or large
 - Specialty cottage - small; outdoor; indoor; or mixed-light
 - Nursery (cloning and seed propagation)
 - Processing (only trimming, drying, curing, grading, or packaging)
- **Manufacturer**
- **Testing Laboratory**
- **Retailer** (Storefront/Public and Nonstorefront/Not Public)
- **Distributor** (transports, arranges for testing, and conducts quality control)
- **Distributor transport** (transports between licensed cultivators, manufactures, and distributors, but not to licensed retailers)
- **Microbusiness**



Things to Think About – Conversations

- Cost of regulated program vs. cleaning up illegal grows
 - Fees go towards cost of running regulated program – Board direction for self funded program
 - Taxes can help fund program against illegal grows and education
 - Stanislaus County estimates to enforce a full ban would cost \$3.1 million annually



Decisions - Board Direction of Cost Recovery

- Fees for one-time permitting and yearly permit process
 - Talking to other counties on their processes
 - Talking to other counties about their staffing levels
 - Talking to other counties about their fees
 - Talking to other counties about the timeframe
- One-time permitting
 - Commercial Cannabis Use Permit (Conditional Use Permit)
 - Commercial Cannabis Annual Operating Permit Application
- Annual permits
 - Monitoring program – program will be funded by applicants
 - Business permit – Treasurer-Tax Collector
 - Commercial Cannabis Annual Operating Permit Application Renewal



Fees – One Set of Fees

- Pre Application \$1,480 – includes Planning, Environmental Management, and Transportation
- Commercial Cannabis Use Permit (Conditional Use Permit) – Approximately \$9,433 – land entitlement
- Commercial Cannabis Annual Operating Permit – Recommendation - \$7,303 – cannabis review
- County Monitoring Program (annual) - Recommendation - \$4,952
- Commercial Cannabis Annual Operating Permit Renewal (annual) – Recommendation - \$5,001



Fees – Options – Cultivation

- Pre Application \$1,480 – includes Planning, Environmental Management, and Transportation
- Commercial Cannabis Use Permit (Conditional Use Permit) – Approximately \$9,433 – land entitlement
- Commercial Cannabis Annual Operating Permit – Recommendation - \$7,284 – cannabis review
- County Monitoring Program (annual) - Recommendation - \$4,933
- Commercial Cannabis Annual Operating Permit Renewal (annual) – Recommendation - \$4,983



Fees – Options – Existing Retailers

- Pre Application \$1,480 – includes Planning, Environmental Management, and Transportation
- Commercial Cannabis Use Permit (Conditional Use Permit) – Approximately \$6,554 – land entitlement – probably
- Commercial Cannabis Annual Operating Permit – Recommendation - \$4,553 – cannabis review
- County Monitoring Program (annual) - Recommendation - \$3,318
- Commercial Cannabis Annual Operating Permit Renewal (annual) – Recommendation - \$3,836



Fees – Options – Retailers, Distribution, Testing Labs

- Pre Application \$1,480 – includes Planning, Environmental Management, and Transportation
- Commercial Cannabis Use Permit (Conditional Use Permit) – Approximately \$9,433 – land entitlement
- Commercial Cannabis Annual Operating Permit – Recommendation - \$5,642 – cannabis review
- County Monitoring Program (annual) - Recommendation - \$3,318
- Commercial Cannabis Annual Operating Permit Renewal (annual) – Recommendation - \$3,836



Fees – Options – Manufacturing

- Pre Application \$1,480 – includes Planning, Environmental Management, and Transportation
- Commercial Cannabis Use Permit (Conditional Use Permit) – Approximately \$9,433 – land entitlement
- Commercial Cannabis Annual Operating Permit – Recommendation - \$6,445 – cannabis review
- County Monitoring Program (annual) - Recommendation - \$4,158
- Commercial Cannabis Annual Operating Permit Renewal (annual) – Recommendation - \$4,419



What Has Been Learned on Fees and Timing

- Set fees will allow for the process to move faster for applicants
 - Fees need to be paid to get permits
 - Longer the County takes the longer it takes to start operations
- Fees set up with time study of Santa Barbara County and analysis of El Dorado County departments with their rates
- Use of consultant(s) to assist in the process



What Has Been Learned on Fees and Timing

- Staff will be closely monitoring the fee structure, cost recovery and administrative processes over the next three or four years and will return to the Board with regular reports and, if needed, recommended adjustments to the fees or fee administration process.
- As more data is obtained on the time it takes to administer the program moving forward (e.g. in the future it could take less time due to staff and businesses becoming more efficient in the process or it could take more time due to an increase in state regulation).



Next Steps:

- X/XX – New staff member for program, and two RFPs
- X/XX – Ad hoc – Pre application and application processes