

# San Francisco Office of Cannabis

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## Legacy Permits – 3/6/2024



# Presentation Outline

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- Legacy Permits
  - History in SF
  - Legacy Authorizations
- Legacy Transition Process
  - Approaching Expirations
  - Legacy Permitting Process
  - Shot-Clock Imposition
  - Operator Next-Steps



# Legacy Permits

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## History in San Francisco

# History: Cannabis in SF (1996 – 2015)

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- In 1996, CA voters approved Prop. 215, The Compassionate Use Act, which allowed cannabis for specific medical purposes
- In 2005, the City enacted Ordinance #275-05, which created **Article 33 of the Health Code** (known as the Medical Cannabis Act)
  - This implemented the local regulatory scheme for Medical Cannabis Dispensaries (MCDs) in San Francisco
- In 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act (MMRSA), to establish the state licensing and regulatory framework for medicinal cannabis

# History: Cannabis in SF (2016 - )

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- In 2016, CA voters approved Prop. 64, the Control, Regulate, and Tax Adult Use Marijuana Act (AUMA)
  - Legalized adult-use cannabis and created the state licensing and regulatory framework
- In July 2017, the City enacted Ordinance #168-17, to establish the Office of Cannabis (OOC)
- On January 5, 2018 **Article 16 of the San Francisco Police Code** went into effect in the City & County of San Francisco
  - This marks the transition date from Article 33 to Article 16 as the central code governing cannabis in San Francisco

# Legacy Authorizations

- With the enactment of Article 16, multiple authorizations to conduct cannabis business were created/codified
  - A few of these represented ‘legacy’ cannabis businesses – i.e. cannabis businesses that existed in some form before Article 16
    - Medical Cannabis Dispensaries (MCDs)
      - Already operating, MCDs were given authorization to sell adult-use cannabis
    - Temporary Cannabis Business Permits (TMPs)
      - Many Temporary permits were granted through the ‘Amnesty’ program, which offered a pathway to legitimacy for unpermitted cannabis operators
- Relevant code sections (PLN, DPH, & Police Code) were amended to enable these businesses to operate as their permanent applications were processed

# Legacy Transition Process

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## Expirations & Permit Processing



**SAN FRANCISCO**  
**OFFICE OF CANNABIS**



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**City and County of San Francisco**  
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<https://sf.gov/departments/office-cannabis>

# Approaching Expirations for Legacy Permits

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- Both MCDs and TMPs face similar approaching deadlines from slightly different sources
- Medical Cannabis Dispensaries
  - “Temporary Cannabis Retail Use” → Land Use under PLN (Planning Code)
    - Was set to expire January 1, 2024, Supervisors extended to December 31, 2024
  - Authorization to conduct adult-use cannabis business (Article 33 → Article 16)
    - Expires December 31, 2024
    - Unable to conduct adult-use sales after this date
- Temporary Cannabis Business Permits
  - Authorization to conduct cannabis business (Article 16)
    - Expires December 31, 2024
    - Unable to conduct any cannabis business after this date



# Permitting Process for Legacy Operators

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- Ultimately, all Legacy Operators will be required to go through the permitting process as established by Article 16
- The OOC is working with our City partners to provide as streamlined of a transition process as the code(s) will allow
  - E.g. there is a streamlined process for businesses that are already operating and have no planned build-out or structural changes. We anticipate they will move through the Planning Department and the Department of Building Inspections more quickly
- Every application has been assigned to an analyst and is being actively processed

# Notices and Shot Clocks

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- All MCD and TMP applicants have received extensive communications regarding the approaching deadlines and the transition process to ensure time for transition
  - MCD applicants already received communications starting in November 2023 to inform them of these expirations
    - Subsequent shot-clock notifications were sent in early February to unresponsive parties
    - Virtual meetings were held with all shot clocked recipients
  - Unresponsive TMP operators were informed of these expirations in early February
    - Subsequent shot-clock notifications will be sent in the near future to unresponsive parties
- Provided applicants continue to work with the OOC in good faith, and be responsive to OOC communications, their applications will be able to continue forward

# Operator Next-Steps

- If you currently operate a business with an MCD or TMP permit:
  - Please ensure the contact information on your application(s) is up-to-date
  - Please check your inboxes/voicemails regularly
  - Please be responsive to your assigned OOC analyst
- **Failure to do any of the above may result in a disruption to your cannabis business, or a denial of your permit application**
- If you are unsure about the status of your application, or whether the information presented today will affect you, please reach out to the Office of Cannabis:
  - Email: [Officeofcannabis@sfgov.org](mailto:Officeofcannabis@sfgov.org)
  - Phone: (628) 652 – 0420

# Q & A

# San Francisco Office of Cannabis

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## MCD Equity Commitments – 3/6/2024



# Presentation Outline

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- Code Requirements
- Equity Plans: An Overview
  - Documentation
  - Reporting Protocols
  - Enforcement
  - Commitment Categories
  - City-Wide Stats



# MCDs: Code Requirements

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- MCDs are governed by Article 33 until they transition to Article 16
- Under Article 33, Section 3322(d)(7) of the San Francisco Health Code, MCDs must demonstrate good faith compliance with their Equity Plan to renew their adult-use authorization
  - Equity Plans are submitted to and reviewed by the Office of Cannabis, in collaboration with the Department of Public Health
  - These plans are submitted every 180 days for review
- The OOC reviews Equity Plans to ensure they meet the established criteria under the code

# Equity Plans: An Overview

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- To demonstrate good faith, an MCD must explain in writing and with documentation how it supported activities to further each of the following:
  - San Francisco's broader equity goals
  - Equity Applicants' business development
  - A more equitable workforce
- Provisions within Equity Plans that meet this criteria can take many forms, including:
  - Donations to community organizations
  - Job training
  - Purchasing Equity products
  - Providing Equity Applicants with technical assistance



# Equity Plans: Documentation

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- Provided documentation for Equity Plans must clearly detail the following:

## **Who?**

- Who provided goods or services?
- Who received the goods or services?

## **What?**

- What goods or services were provided?
- What was the approximate value of the goods or services provided?

## **When?**

- When were the goods or services provided?

## **Why?**

- What was the objective of the activity?

# Equity Plans: Reporting Protocols

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- Equity Plans are due seven (7) business days before the business' permit is set to expire
- The OOC sends courtesy reminders to operators, and provides an Equity Report Form as a fillable PDF to assist MCDs in complying with the code
- Upon review of the submitted plan, the OOC will determine if the reported information and all supporting documentation is complete
  - If incomplete, the OOC will request further explanations or documentation
- Once accepted, DPH will issue their permit extension

# Equity Plans: Enforcement

- If an operator does not comply with the previously detailed requirements, the OOC will inform DPH that they are not eligible for a permit extension
- Without a permit extension, MCDs will be forced to close their business until their Equity Plan is completed and accepted by the OOC
  - DPH may issue a fine based on gross sales (from the unpermitted period) if a business continues to operate without a permit extension

# Equity Plans: Commitment Categories

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- MCD Equity Plans represent a substantial commitment to the City's broader Equity goals. The OOC gathered data on these commitments and has broken them into six categories:
  - Equity commitments from MCD Operators can be broken into six general categories:
    - Broader Equity Goals
    - Technical Assistance Provisions
    - Compassion Programs
    - Direct Donations to Community Groups
    - Equity Hiring
    - Equity Donations & Purchases

# Equity Plans: City-Wide Stats

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- In 2023, 25 operators with active MCD permits fulfilled the following equity commitments:
  - **Broader Equity Goals:** ~\$67,000
  - **Technical Assistance Provisions:** ~\$13,000
  - **Compassion Programs:** ~\$102,000
  - **Direct Donations to Community Groups:** ~\$145,000
  - **Equity Hiring:** ~\$755,000
  - **Equity Donations & Purchases:** ~\$2,700,000

**TOTAL: ~\$3,800,000**

# Q & A

# Thank You!

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## **Contact Information:**

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