



COUNTY OF SAN LUIS OBISPO

Cannabis Study Session



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Study Session Topics

- Cannabis v. Marijuana v. Hemp
- Current Regulations
- Medicinal and Adult-Use Cannabis Regulation Safety Act
- Neighboring Jurisdictions
- County's Permanent Regulation Process
- Cannabis Concerns
- Staff Recommendation
- Questions



Cannabis v. Marijuana v. Hemp



Cannabis

- Genus of flowering plants
 - Family *Cannabaceae* also include hops and hackberries
- Three general species: *sativa*, *indica*, *ruderalis*
- Includes marijuana and hemp
- Contains cannabinoids
 - Tetrahydrocannabinol (THC) – psychoactive
 - Cannabidiol (CBD) – nonpsychoactive
- Many uses
 - Fiber
 - Oils
 - Medicine
 - Recreation



Marijuana & Hemp

- **MARIJUANA**

- Drug from the *cannabis* plant
 - Recreational or medicinal
 - Typically refers to the flowering tops and leaves
- Use by smoking, vaporization, ingested, topical
- Contains both CBD and THC
 - Higher THC than hemp

- **HEMP**

- Industrial product from the *cannabis* plant
- Creates paper, textiles, plastics, food products, concrete
- Negligible THC



Cannabis – CA Definition

- “Cannabis” means **all parts of the plant** *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, **whether growing or not**; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seeds of the plant which is incapable of germination. **“Cannabis” does not mean “industrial hemp” as defined by Section 81000 of the Food and Agricultural Code or Section 11018.5 of the Health and Safety Code.**



Hemp – CA Definition

- “Industrial hemp” means a fiber or oilseed crop, or both, that is limited to types of the plant *Cannabis sativa* L. having **no more than three-tenths of 1 percent (0.3%) tetrahydrocannabinol (THC)** contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.



Current Regulations



Federal Regulations

- Controlled Substances Act
 - Schedule 1 drug
 - Includes marijuana and hemp
- Cole Memo (2013)
 - Cleanup of Ogden Memo (2009) and Cole Memo (2011)
 - 8 guidelines
- Rohrabacher-Farr Medical Cannabis Amendment (2014)
 - Prevents spending to interfere with State medical laws
 - Must be renewed yearly
- Farm Bill (2014)
 - Limited research on hemp



California Regulations

- Compassionate Use Act of 1996 (Prop. 215)
 - Exempted patients and caregivers from criminal liability
 - Physician recommended
- Medical Marijuana Program Act (SB 420)
 - Clarified CUA
 - Facilitated identification of patients and caregivers
- Medical Cannabis Regulation and Safety Act (MCRSA)
 - Created licensing program for commercial medical activities
 - Cultivation, manufacturing, dispensary, testing, transportation, distribution
 - Local authority maintained
 - Dual licensing requirements



California Regulations

- Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA/Prop.64)
 - Voter passed legalization initiative
 - Legalized recreational cannabis (adult-use)
 - Similar licensing as MCRSA
 - Established excise and cultivation taxes
 - Allows by law 6 plants per personal residence (indoors)
- Medicinal and Adult-Use Cannabis Regulation and Safety Act (SB 94 and AB 110)
 - June 27, 2017
 - Effort to combine MCRSA and AUMA
 - MCRSA repealed and medical incorporated into AUMA

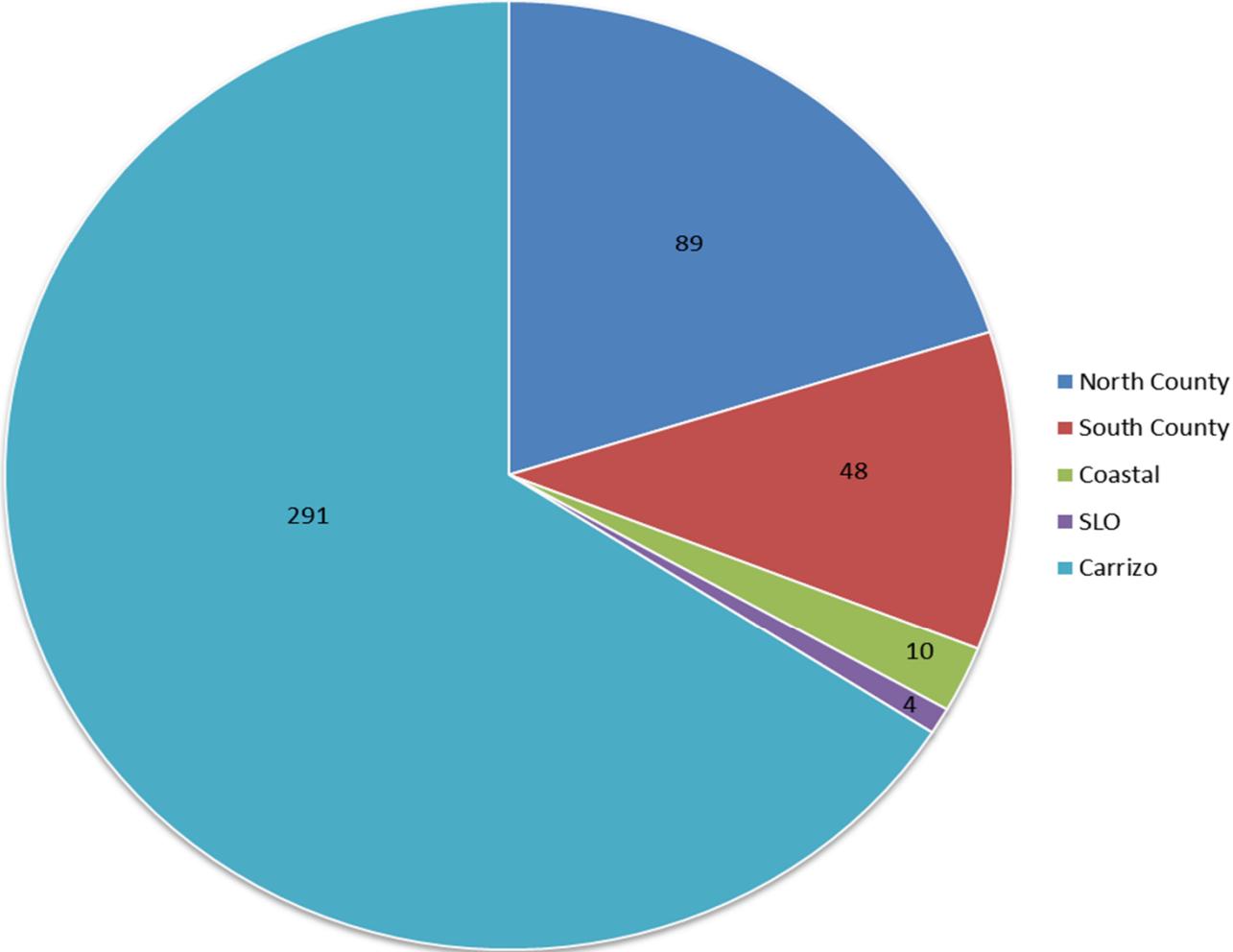


County Regulations

- Permissive zoning ordinance
- Explosion of cultivation following MCRSA
- Urgency Ordinance
 - September 20, 2016
 - Prohibition on cultivation w/exceptions
 - Registration
 - 455 cultivators applied
 - 335 approved
 - 120 denied



Registrations by Planning Area



Medicinal and Adult-Use Cannabis Regulation and Safety Act



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Responsible State Agencies

- Bureau of Cannabis Control
 - Dept. of Consumer Affairs
 - Administer and enforce
 - Transportation, storage, distribution, sales
- Department of Pesticide Regulation
 - Standards for pesticide use
- Department of Food and Agriculture
 - Cultivation and nurseries
 - Track and Trace program
- Department of Public Health
 - Manufacturing and testing



Personal Exemptions

- Qualified Patients
 - 18 and older
 - 100 square-feet canopy for personal medical use
- Primary Caregivers
 - Grow for qualified patients
 - 5 or fewer
 - 500 square-feet canopy
- Personal Use
 - 21 and older
 - 6 plants / 100 square-feet



License Types

- 20 license types
 - 14 cultivation
 - 2 manufacturing
 - 1 testing
 - 1 retailer
 - 1 distributor
 - 1 microbusiness
- M (medical) & A (adult-use)
- Valid for 12 months, renewed annually



License Types

- (1) Type 1—Cultivation; Specialty outdoor; Small.
- (2) Type 1A—Cultivation; Specialty indoor; Small.
- (3) Type 1B—Cultivation; Specialty mixed-light; Small.
- (4) Type 1C—Cultivation; Specialty cottage; Small.
- (5) Type 2—Cultivation; Outdoor; Small.
- (6) Type 2A—Cultivation; Indoor; Small.
- (7) Type 2B—Cultivation; Mixed-light; Small.
- (8) Type 3—Cultivation; Outdoor; Medium.
- (9) Type 3A—Cultivation; Indoor; Medium.
- (10) Type 3B—Cultivation; Mixed-light; Medium.
- (11) Type 4—Cultivation; Nursery.
- (12) Type 5—Cultivation; Outdoor; Large.
- (13) Type 5A—Cultivation; Indoor; Large.
- (14) Type 5B—Cultivation; Mixed-light; Large.
- (15) Type 6—Manufacturer 1.
- (16) Type 7—Manufacturer 2.
- (17) Type 8—Testing laboratory.
- (18) Type 10—Retailer.
- (19) Type 11—Distributor.
- (20) Type 12—Microbusiness.



Cultivation

- 14 license types
 - Types of cultivation
 - Outdoor
 - Indoor (A)
 - Mixed-light (B)
 - Type 1 - Up to 5,000 sf
 - Type 1C - 2,500 sf mixed-light / 25 plants outdoor / 500 sf indoor
 - Type 2 - Up to 10,000 sf
 - Type 3 - Up to 22,000 sf (indoor) / up to 1 acre (outdoors)
 - Type 4 – Nursery (no limit)
 - Type 5 - Greater than 22,000 sf (indoor) / 1 acre (outdoor)



Manufacturing

- Type 6 – Nonvolatile
- Type 7 – Volatile
 - “a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures”
 - Explosive gases
 - Butane, Propane, Xylene, Styrene, Gasoline, Kerosene, O₂, H₂
 - Poisons, toxins, or carcinogens
 - Methanol, Iso-propyl Alcohol, Methylene Chloride, Acetone, Benzene, Toluene, Tri-chloro-ethylene



Testing and Distributor

- Type 8 – Testing Laboratory
 - Cannot hold other licenses
 - Does not have an “A” or “M” designation
 - No retail without certification
- Type 11 – Distributor
 - Middleman
 - Moves product through chain



Retailer and Microbusiness

- Type 10 – Retailer
 - Dispensary
 - Requires licensed physical premises
 - May be non-public
 - Deliveries allowed
- Type 12 – Microbusiness
 - Cultivator (10,000 sf or less)
 - Distributor
 - Nonvolatile manufacturer
 - Retailer



Vertical Integration

- No prohibition on vertical integration
- Exceptions
 - Type 5 (large) cultivators
 - No testing or distribution
 - Type 8 testing laboratories
 - Stand alone license



Local Permits Required

- Dual licensing
- Requires a local license, permit, authorization
- Local government to provide info to State
- States to provide localities all applications
 - 60 days to respond if non-compliance



CEQA Exemption

- Implementing ordinances exempt from CEQA
 - Must adopt by July 1, 2019
 - Requires discretionary permits
 - CEQA review



Other Provisions

- Setbacks from schools
 - Cultivation & dispensaries
 - 600 foot radius
 - Smoking lounges
 - 1,000 feet
- SB 420 Sunset Clause for Collective
 - MAUCRSA allows 3+ people to form cooperatives
- Enforcement and Penalties
 - Infraction & fines
 - Civil penalties
 - Destruction of product



Taxation

- Excise Tax
 - 15% of average market price
 - Retail sales (dispensaries)
- Cultivation Tax
 - \$9.25 per dry-weight ounce (adult-use)
 - \$2.75 per dry-weight ounce trim (adult-use)
- State Sales Tax
 - \$7.25
- Local Tax
 - BOS July 25, 2017



Neighboring Jurisdictions



Neighboring Jurisdictions

- County of Santa Barbara
- County of Monterey
- County of Kern
- City of Arroyo Grande
- City of Grover Beach
- Cities of SLO, Paso, Atascadero, Pismo, Morro Bay



County of SLO Permanent Regulation Process



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Board of Supervisors' Direction

Land Use Designation	Specialty Crop
Maximum # of licensed marijuana cultivation permits allowed	100 (excludes personal and caregiver cultivations)
Licensees per site	One
Property setback measured from	Adjacent property line
Setbacks – Cultivation	1,000' from any pre-school, school, youth facility, public park or playground, or recreation area
Setbacks – Outdoor personal and caregiver Cultivation	Front: 50' or behind main structure Sides: 30' Rear: 30'
Grandfathering	No provision
Volatile Manufacturing	Ban or limit
Signage	Prohibited – Display of Marijuana products or graphics depicting Marijuana on the exterior of the property
Security	Security plan and measures required at time of license (individualized based on the business and activities)
Pesticides and Fertilizers	Stored in conformance with applicable Federal, State, and Local laws and regulations



Land Use Regulations

- Draft ordinances
 - February, May, June
- Public Participation
 - Outreach meetings
 - Focus group meetings
- Agency Involvement
- Hearing Draft Ordinance
 - PC August 10, 2017
 - Available for review



Concerns Regarding Cannabis



Odor

- Terpenes and terpenoids
 - Aromatic oils
- Odor increases when plants flower and produce bud
- Different strains smell different
 - Varying intensity
- Indoor v. Outdoor Cultivation
- Many complaints



Water

- Varied
 - Climate
 - Growing conditions
- Mendocino Cannabis Policy Council/Emerald Growers Association
 - 1 gallon water per pound of cannabis per day
 - 1 pound = 545 grams \approx 1,000 joints
 - 1 pound \approx 150 gallons water
- Comparative
 - 1 pound hamburger \approx 1,800 gallons water
 - 1 gallon wine \approx 870 gallons water
 - <http://www.waterfootprint.org>



Safety

- Cash
 - Banks are federally insured
 - Cole Memo
 - Re-prioritized prosecution
 - Sales, payments, purchases in chase
 - High theft risk



Staff Recommendation



Questions?

August 10th – PC - Ordinance

August 22nd – BOS – Urgency Ordinance Extension

August 22nd – BOS – Business License Regulations (intro)

September 12th – BOS – Business License Regulations (adoption)

October 3rd – BOS - Ordinance

