



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: ORD 22-014, **Version:** 1

Introduce, waive reading of, and set March 15, 2022 at 10:30 a.m. as the date and time to consider adoption of an ordinance amending Chapter 7.90 of the Monterey County Code to make administrative changes including, but are not limited to, clarifying commercial cannabis operation requirements, fee and refund provisions, revising on-site tobacco provisions, and cessation of business requirements.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

Introduce, waive reading of, and set March 15, 2022 at 10:30 a.m. as the date and time to consider adoption of an ordinance amending Chapter 7.90 of the Monterey County Code to make administrative changes including, but are not limited to, clarifying commercial cannabis operation requirements, fee and refund provisions, revising on-site tobacco provisions, and cessation of business requirements.

SUMMARY/DISCUSSION

Pursuant to Monterey County Code (MCC) Chapter 7.90, businesses conducting commercial cannabis activities within the unincorporated area of Monterey County must obtain a commercial cannabis business permit. In early 2019, oversight of this permit was transferred to the Monterey County Cannabis Program. Since that time, three ordinances amending the chapter have been adopted by the Board of Supervisors (Board) to permit a canopy modification, modify requirements for criminal background checks, and permit one additional canopy modification.

The Program maintains a list of proposed amendments to Chapter 7.90, determined by lessons learnt from administering the chapter, feedback received during cannabis industry meetings, and changes resulting from the consolidation of the three state cannabis licensing bureaus. The draft ordinance amendment before the Board today would clarify operational requirements and procedures and permit cannabis-related business employees to consume tobacco or nicotine products in designated areas. Broader, more substantive changes will require significant review and deliberation. Staff has already begun working on these proposed amendments and hopes to bring them to the Board once they are thoroughly considered and finalized.

On February 1, 2022, staff presented a draft ordinance to the Board that would amend Chapter 7.100 to reduce commercial cannabis business tax rates, remove automatic increases, and waive penalties and interest for cultivation for the third quarter of Fiscal Year 2021-22. Upon further discussion and consideration of the ongoing cannabis market downturn, the Board directed staff to extend the waiver of penalties to include the second quarter of Fiscal Year 2021-22. The Treasurer-Tax Collector suggested a one-time exception for operators to submit a canopy modification while tax delinquent, which would support them in reducing their tax liability. Program staff conferred with the industry and found that this special modification was not needed at this time. As such, this proposed amendment to Chapter 7.90 was not included in the draft ordinance.

Redlined and clean versions of the ordinance are attached to this report as Attachments A and B, respectively.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel was involved in the preparation of the ordinance and report and approved the

draft ordinance as to form.

FINANCING:

The County's Cannabis Program is funded in County Administrative Office - Department 1050, Intergovernmental and Legislative Affairs Division - Unit 8533, Cannabis. The proposed amendments to Chapter 7.90 will not incur additional expenses to the Program.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County Cannabis Program addresses each of the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County cannabis industry.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

Prepared by: Joann Iwamoto, Cannabis Program Manager

Approved by: Nicholas E. Chiulos, Assistant CAO

Attachments:

- A. Draft ordinance (redline version)
- B. Draft ordinance (signed clean version)