



Cannabis Licensing Office Frequently Asked Questions December 2017

TIP: READ ALL INFORMATION FROM TOP TO BOTTOM TO HELP ENSURE YOU UNDERSTAND ALL REFERENCES AND CONTENT.

If you are reading a printed version of this document, please visit our website for links provided in the online version of this FAQ document (Google: “Santa Cruz County Cannabis Licensing”).

COUNTY OF SANTA CRUZ CANNABIS LEGALIZATION: WHAT'S THE LATEST?

Who regulates cannabis businesses?

Commercial cannabis operations seeking legal status in California are regulated by both the [State](#) and local government. Cannabis businesses in the *unincorporated* areas of Santa Cruz County are regulated by the [Santa Cruz County Cannabis Licensing Office \(CLO\)](#). Every jurisdiction has its own rules and processes, so it's important to know which city or county your business is located and what the rules are there.

The CLO is tasked by the Santa Cruz County Board of Supervisors with regulating the cannabis industry in a manner that balances medical use, adult recreational use, and the health, safety and welfare of residents and businesses within Santa Cruz County. The CLO oversees implementation of the Medical Marijuana Regulation and Safety Act (MMRSA), which created a licensing and regulatory framework for medical cannabis. With voter approval of the Adult Use of Marijuana Act (AUMA) in November 2016, the CLO is also developing local regulations to implement AUMA.

What is the status of local regulations?

The County of Santa Cruz has taken the following actions to regulate local cannabis businesses:

- Adopted [County Code 7.130](#), which licenses medical cannabis dispensaries, *including delivery*. After passage of AUMA, the County amended 7.130 to allow for Adult Use sales at existing dispensaries. No further dispensary licenses are currently contemplated.
- Commissioned an [Environmental Impact Report \(EIR\)](#) to assess potential impacts of proposed ordinances regulating commercial cannabis cultivation and manufacture in the unincorporated area. The County is in the process of responding to public comments on the EIR, and will use the input in assembling final proposed regulations scheduled to be presented to the [Board of Supervisors](#) in spring 2018.

What is the difference between a state and local cannabis license?

To legally operate any kind of commercial cannabis business in Santa Cruz County, you will need a County cannabis business license as well as a State license (see <https://cannabis.ca.gov>). Local businesses must first obtain local approval, which they may then use to apply for a State license.

One of the State's primary concerns is tracking the cannabis supply chain from “seed to sale” in order to prevent diversions to illegal markets and ensure product safety and quality for buyers. The County's primary focuses are conformation with local land use (zoning) rules, neighborhood compatibility, public safety and environmental protection. Working hand in hand, the State and County seek to complement oversight and ensure public welfare, fostering the creation of a safe, stable and successful industry.

What is the timeline for the County to finish its rulemaking and start licensing?

Final rules regulating commercial cannabis cultivation and manufacturing are not anticipated to go before the Board of Supervisors until early 2018. That process is likely to take a few months, and while cannabis businesses would like to formally establish their operations and finalize their official licenses, this is an important, legally mandated public process that will help balance the needs of the industry and the public and further the establishment of a successful industry.

What activities are legal while the County's final licensing rules are pending?

Existing law (see [SCCC 7.126](#)) governing the commercial cultivation of medical cannabis remains in effect until the Board of Supervisors approves new commercial cannabis cultivation rules, including rules for licensing. State law will require all cannabis businesses have a State license on January 1, 2018, which will preempt our existing law. However, neither the State nor the County are expected to be ready to issue full licenses on Jan. 1.

Where does that leave local operators?

To remedy this situation, the State will be offering a “[temporary license](#)” which is good for 120 days (with possible 90 day extensions), as the State works to establish its new program. A prerequisite to getting a temporary State license is that you have obtained “**local authorization**” from your local government. Until the County is ready to start issuing licenses, the CLO is offering “local authorization” letters to help obtain temporary licenses with the State. Operators who are in good standing with the County, and have established and been reporting on their [Cannabis Business Tax](#) since before June 2017 have been contacted by the County and informed they may be eligible for a local authorization letter. Those contacted will have to apply for local authorization letters, and if successful may approach the State for an eligibility determination on a temporary license.

Local authorization letters are do not constitute permission to expand existing operations. No land development, land clearing, and expansion/establishment of new cannabis businesses are permitted until the county has adopted its final cultivation and manufacturing ordinances, a license application has been approved, and all relevant planning permits have been obtained.

Failure to abide by these terms could jeopardize local licensing decisions. Furthermore, businesses that continue operating without a State cannabis business license or temporary license are at risk of potential enforcement actions.

The County did not contact me about a local authorization letter, but I want one! What do I need to do to be eligible?

If you were not contacted by the County regarding local authorization, you did not appear on the list of Cannabis Business Tax (CBT) account holders from the County tax collector and are therefore not eligible at this time. However, we will expand the eligibility list in the coming months to include folks who only recently opened CBT accounts. Therefore you are urged to sign up your business with the [Assessor's Office/Tax Collector](#) to increase your chances of being eligible for temporary licenses.

In addition to having an active CBT account, we will consider cannabis operators in “good standing” if they have not illegally expanded operations or set up new operations in anticipation of our licensing program.

If you are not already on our mailing list, get on the mailing list to be contacted when and if new opportunities for temporarily licenses open up (see below for how to get on the mailing list).

DISPENSARIES/DELIVERY OF CANNABIS

Are you taking applications for new dispensaries?

No. There is a cap on dispensaries in unincorporated Santa Cruz County, and the CLO will not be issuing new licenses in the foreseeable future. To monitor any future developments, you may wish to add your name to our “Keep Me Informed List” (see below).

How about delivery, can I deliver in the (unincorporated) County?

No. Only licensed Santa Cruz County dispensaries may delivery cannabis products to the public ([see rules here](#)). Delivering without a local and State license is a violation of County and State law.

COMMERCIAL CANNABIS CULTIVATION AND MANUFACTURE

What are the proposed rules?

The proposed regulations may be viewed by going to our website’s Home Page and clicking on “Cannabis Environmental Review Status,” or following this link:
http://www.sccoplanning.com/Portals/2/County/Planning/env/Cannabis_EIR/Appendices/AppendixC%20-%20ProgramAmendments_CannabisEIR_Draft.pdf

The proposals are likely to shift pending public input and the Board of Supervisors’ direction. If you want to be a part of the public process we suggest you get involved by attending public hearings, or submitting letters to the Board of Supervisors.

Where can I apply for a license? Let’s get this ball rolling!

The CLO is not currently taking applications for non-retail cannabis businesses because our rules have not yet been adopted. Once the Board of Supervisors adopts the rules, the County will begin accepting applications. Stay tuned, check in with our website often!

DISTRIBUTION OF CANNABIS

Does the County allow cannabis distribution and if so what are the licensing requirements?

The County is currently developing recommended licensing rules and procedures. Please stay tuned for updates, follow our website, Facebook and get on our mailing list if you are not already.

REGISTRATION FOR CANNABIS BUSINESSES

Did I need to register and for what type of license?

The only cannabis business type that required local registration was cultivation. Those who have been cultivating in the County since 2013 were allowed to register with the County. In November 2016, our registration closed. The Board of Supervisors has not directed staff to open a new round of registrations and there is no anticipated date when new registrants may apply. If you did not register, contact Green Trade Santa Cruz, a coalition of local cannabis businesses, which may help put you in touch with registrants seeking a partner.

Other cannabis businesses such as manufacturing and distribution have no registration requirements at this time. However, that could change as we finalize our local ordinances. Stay tuned for updates.

What is a Pre-Licensing Inspection, and why do it?

For cultivators who previously registered with the CLO, we are offering pre-licensing inspections to those interested in getting early review of their prospective cannabis business property. However, we cannot guarantee any property will be eligible for cannabis business licenses until we have final rules for non-retail cannabis businesses. Instead, CLO staff are reviewing site conditions and proposed cannabis business activities in advance of formal licensing commencement for non-retail activities, and will give inspected properties priority license processing status once licensing commences, provided they remain eligible under the final adopted ordinances.

During inspections, CLO staff review the property with the property owner and/or cannabis business, view site conditions including environmental resources, assess existing violations (if any), and document all findings. Staff will provide a detailed report to the cannabis business/owner giving feedback on potential site eligibility, opportunities/constraints to development, planning permits that may be needed, and next steps/requirements. If the property is deemed ineligible for some reason (e.g. insufficient parcel size, zoning, other constraints), your priority status for license processing may be taken with you to another, appropriate location. The fee for pre-licensing inspections is \$2,500.

I want to buy a property for a cannabis business. Can you tell me if it will work?

No, unfortunately at this time, we cannot provide you any guidance on property purchases or leasing sites. Until the rules are final for non-retail commercial cannabis businesses, buying property or leasing sites is highly speculative and risky. There are many changes to come that may affect property eligibility and therefore we do not advise anyone to speculate, or advertise sites as “cannabis ready.”

NEXT STEPS

What can I be doing until the County adopts its rules/ordinances to regulate cannabis in the County?

Operators

1. Educate yourself on [State licensing requirements](#) that you will need to comply with. Remember, you will need to work with other State agencies including the California Department of Fish and Wildlife and the State Water Resources Control Board. Their websites offer further information.
2. If you are interested in cultivation licenses, we offer Pre-licensing Inspections (see above).
3. Pay taxes on your cannabis business. This is a key consideration for license eligibility.

Members of the public

1. Stay engaged. Several public hearings will be scheduled in early 2018 to determine the rules for the regulation of commercial cannabis in unincorporated Santa Cruz County. Public input is encouraged!
2. Get on our mailing list (see below).

PLANNING PERMITS

If any land use/building permits are needed (building construction, grading, vegetation removal, etc.) to accomplish your development goals and they are associated with cannabis business, you cannot initiate Planning permits at this time. Final rulemaking is not yet complete and therefore the County Planning Department is unable to take in or process applications.

Those who misrepresent their development plans and proceed with permitting may discover their development plans do not conform to final cannabis ordinance requirements, and may be disqualified indefinitely from obtaining cannabis business licenses. All cannabis businesses are strongly advised wait until clear direction has been given by the Board of Supervisors and proposed cannabis licensing ordinances have been adopted.

CANNABIS BUSINESS TAXES

Sign up your business with the [Assessor's Office/Tax Collector](#) even if you have fluctuating revenue so that you increase your chances of being eligible for local authorization letters and temporary licenses. Report your earnings when you make any money, and report "0" on the months you don't earn.

KEEP ME INFORMED

To join our mailing list, email us at: CannabisInfo@santacruzcounty.us. You may also visit our website, Santa Cruz County Cannabis Licensing, to stay apprised of latest news and updates.

<http://www.co.santa-cruz.ca.us/cannabislicensingoffice.aspx>

Be sure to LIKE us on Facebook (fb.me/sccclo) to get more daily updates as well!