



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: February 25, 2020

Subject: Adoption of Ordinance No. 2020-07 Amending the County Cannabis Ordinance Addressing the Transferability of Commercial Cannabis Land Use Permits

RECOMMENDATION(S):

ADOPT Ordinance No. 2020-05, prohibiting the transfer and assignment of cannabis permits and allowing certain ownership changes in commercial cannabis businesses.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

The attached ordinance, introduced on February, 4, 2020, amends Chapter 88-28 of the County Ordinance Code to prohibit the transfer and assignment of a cannabis permit to another person, and to allow a change in ownership of a commercial cannabis business if the change does not result in one or more new persons owning a total of 20% of the business.

Under the proposed ordinance, a new cannabis permit would be required if, for example, an individual who owned 50% of a cannabis business transferred half of his or her ownership interest in the business to one new person. In this case, the new person would own 25% of the business. A new permit would also be required if, for example, a person who owned 50% of a business transferred one-fifth of his or her interest to one new person and another

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **02/25/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: February 25, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Ruben Hernandez,
925-674-7785

cc:

one-fifth to another new person. In this case, two new persons would own a total of 20% of the business. A new permit would also be required if, for example, an individual who

BACKGROUND: (CONT'D)

owned 100% of a corporation transferred his or her entire ownership interest to one new individual. In this case, even though the corporation is the same corporation, a new person would own more than 20% of the corporation, so a new use permit would be required.

A new cannabis permit would not be required if, for example, a person who owned 50% of a business transferred one-fourth of his or her ownership interest to one person. In this case, the new person would own 12.5% of the business. A new permit also would not be required if, for example, a person who owned 50% of a business transferred all of his or her ownership interest to a person who already owns the other 50% of the business, because there would be no transfer to a “new” person.

If a cannabis permit terminates because a change in ownership results in one or more new persons owning a total of 20% or more of the business, the business may not operate until a new permit is obtained.

Chapter 88-28 and state law define “person” as any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit.

The attached ordinance is authorized by the following codes: Business and Professions Code section 26200, which authorizes Counties to adopt ordinances to establish zoning and business regulations for commercial cannabis businesses; Government Code section 65850, which authorizes counties to adopt ordinances that regulate the use of buildings and land for businesses; and Business and Professions Code section 16100, which authorizes counties to issue regulatory permits to businesses.

CONSEQUENCE OF NEGATIVE ACTION:

If the proposed amendments to the Cannabis Ordinance are not adopted, approved land use permits for commercial cannabis uses could be transferred to property owners with the sale of the land allowing property owners who were not selected through the Commercial Cannabis RFP process to obtain land use permits without having been selected by the Board as required by the Cannabis Ordinance for specified commercial cannabis uses such as storefront retail businesses, commercial cultivation and manufacturing in agricultural zoning districts.

ATTACHMENTS

Ordinance No. 2020-05