Commercial Cannabis Activities
Agenda

- Current marijuana laws
- Local options for regulating commercial cannabis activities.
  - Cultivation
  - Manufacturing and testing
  - Distribution
  - Retailers
  - Delivery
Discussion of Commercial Activities

- **This is** a discussion about local options for regulating commercial cannabis activities for medical and adult use.

- **This is not** a discussion about local regulations for personal and caregiver exemptions.

*Note: the terms cannabis and marijuana are used interchangeably.*
Marijuana Laws
Federal Law

- Controlled Substances Act
  - Schedule 1 drug

- The Cole Memo
  - Explains federal enforcement is focused on 8 priorities and a hands-off approach will be taken if state laws allowing marijuana activities properly address those priorities.
California Law – Medical Use

- Medical Cannabis Regulation and Safety Act
  - Statewide structure for licensing and enforcing commercial medical marijuana activities.

- SB 94 Cannabis: medicinal and adult use
  - Creates one system of administration for cannabis laws in California.

- Personal and caregiver exemption for cultivation
Butte County Law – Medical Use

- Marijuana Dispensaries (Chapter 24-166)
  - Marijuana dispensaries shall be a prohibited use within Butte County.

**Personal Exemption**

- Medical Marijuana Cultivation Regulation (Chapter 34A)
  - Personal or caregiver cultivation up to 150 sq. ft. based on parcel size.
## Proposition 64 - Support for Legalization

<table>
<thead>
<tr>
<th>California</th>
<th>Butte County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes – 57%</td>
<td>Yes – 53%</td>
</tr>
<tr>
<td>7,770,980 votes</td>
<td>51,364 votes</td>
</tr>
<tr>
<td>No – 43%</td>
<td>No – 47%</td>
</tr>
<tr>
<td>5,850,468 votes</td>
<td>41,067 votes</td>
</tr>
</tbody>
</table>
California Law – Adult Use

- Adult Use of Marijuana Act (Proposition 64)
  - Adults over 21 may use and possess marijuana
  - Adults may grow up to 6 plants
  - Regulation of commercial marijuana activities
    - cultivation,
    - product manufacturing,
    - testing,
    - distribution; and
    - sales.
Butte County Law – Adult Use

Marijuana Dispensaries (Chapter 24-166)
- Marijuana dispensaries shall be a prohibited use within Butte County.

Personal Exemption
- Nonmedical Marijuana Ordinance (Chapter 34C)
  - Personal cultivation of up to 6 plants
    - Indoors on less than 5 acres
    - Outdoors on 5 acres or more
Local Options

REGULATING COMMERCIAL CANNABIS ACTIVITIES AT THE LOCAL LEVEL
Local Regulations for Commercial Activities

Local Authority

- Local jurisdiction *may* regulate or completely ban commercial cannabis activities.

- Local license is *not* required for state-issued license.

- Local jurisdiction *cannot ban* transportation of cannabis through its jurisdiction
### Commercial Cannabis Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Butte County Regulation or Local Authority</th>
<th>State Licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty cultivation</td>
<td>Local jurisdiction may ban or regulate activity.</td>
<td>&lt; 5,000 sq. ft.</td>
</tr>
<tr>
<td>Indoor cultivation</td>
<td></td>
<td>5,001 to 22,000 sq. ft.</td>
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<tr>
<td>Mixed light cultivation</td>
<td></td>
<td>5,001 to 22,000 sq. ft.</td>
</tr>
<tr>
<td>Outdoor cultivation</td>
<td></td>
<td>5,001 sq. ft. to 1 acre</td>
</tr>
<tr>
<td>Nursery</td>
<td></td>
<td>1 license type</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td>2 license types (non-volatile solvents vs. volatile solvents)</td>
</tr>
<tr>
<td>Testing</td>
<td></td>
<td>1 license type</td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td>1 license type</td>
</tr>
<tr>
<td>Microbusiness</td>
<td></td>
<td>1 license type</td>
</tr>
<tr>
<td>Retailer</td>
<td>Prohibited (Zoning Ordinance 24-166)</td>
<td>1 license type</td>
</tr>
<tr>
<td>Delivery (end user transport)</td>
<td>Local jurisdictions may ban delivery, but cannot prohibit transportation on public roads.</td>
<td>Related to retailer license type.</td>
</tr>
</tbody>
</table>
State Taxes for Commercial Cannabis Activities

- 15% Excise Tax
- $9.25 per ounce of dried marijuana flower
- $2.75 per ounce of dried marijuana leaves
- State sales tax applies
- Medical marijuana purchased with an identification card is exempt from State sales tax.
Local Taxing Authority

- An additional local tax may be imposed by local jurisdictions.
- A tax could be proposed by the Board of Supervisors and placed on the ballot with a 2/3 vote of the Board.
- Tax would be subject to voter approval.
## Local Authority for Commercial Activities

<table>
<thead>
<tr>
<th>Commercial Activity</th>
<th>Ban</th>
<th>Permit</th>
<th>Taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultivation</td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing</td>
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<td>Testing</td>
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<td>Distribution</td>
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<td>Retailer</td>
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<tr>
<td>Delivery</td>
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</tbody>
</table>
Recommendation

• Direct staff to develop applicable ordinances to ban or regulate commercial cannabis activities by January 1, 2018.

Next steps

• Ban
  ○ Staff develops an ordinance to ban activity.

• Regulate
  ○ Staff develops considerations for regulated activity.