

# SONOMA COUNTY CANNABIS PROGRAM

TIM RICARD, CANNABIS PROGRAM MANAGER

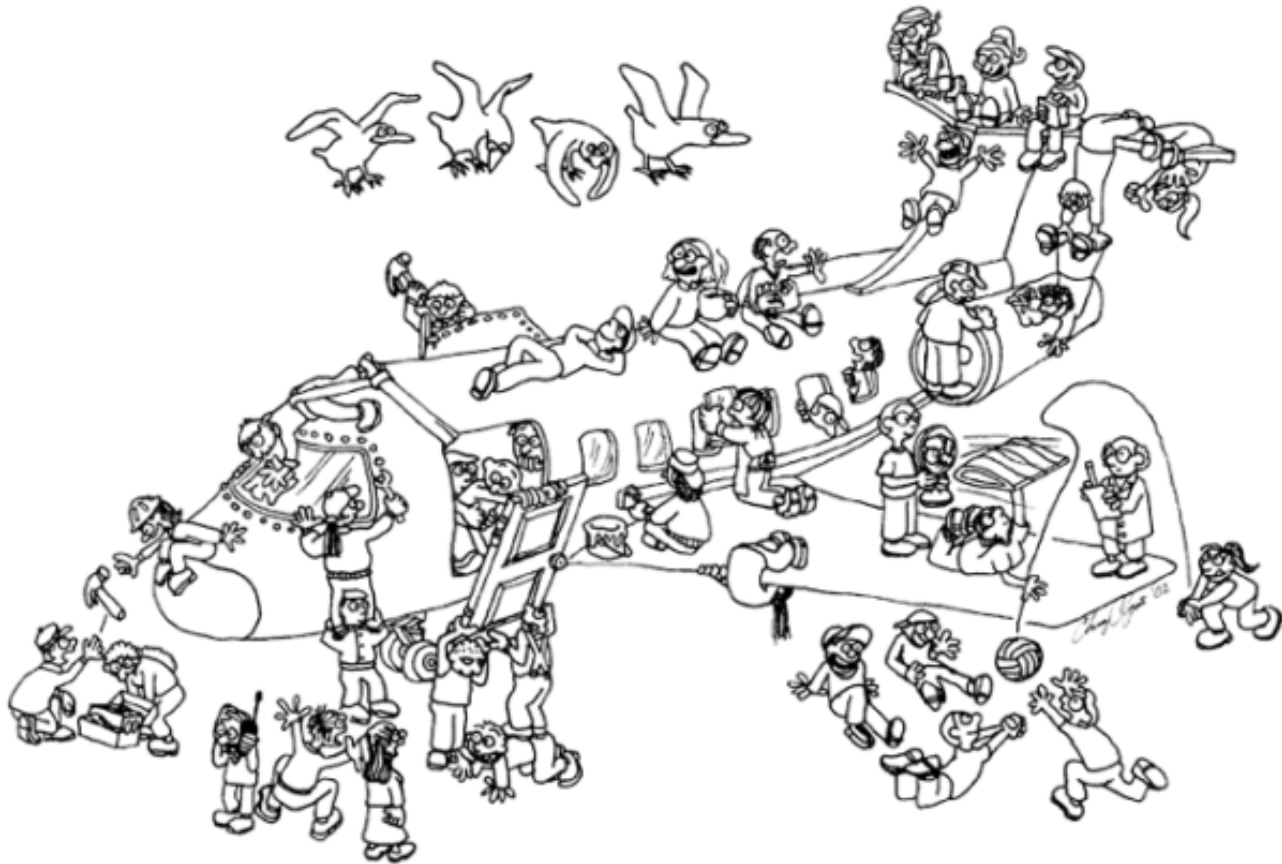
SONOMA COUNTY

SEPTEMBER 23, 2017



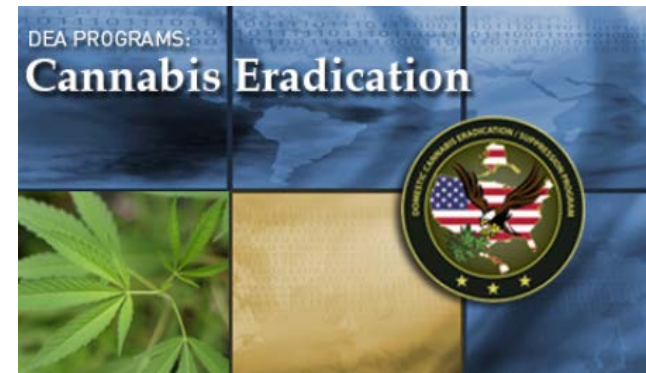
SONOMA COUNTY CANNABIS

# Sonoma County Cannabis Program: “Building the Airplane as We are Flying It”



# Where We Are- Federal Regulations

- Illegal Schedule I drug (highly addictive with no medical value)
- Federal Racketeer-Influenced and Corrupt Organization Act (RICO) Lawsuits.
- No Banking!



# Where We Are- State Regulations

- Proposition 215
- Senate Bill 420
- MMRSA/MCRSA
- AUMA (Proposition 64)
- CDFA Draft Regulations
- CDFA Draft Program EIR
- Governor's Budget Trailer Bill/MAUCRSA/SB 94
- Final MAUCRSA Regulations expected Fall 2017
- Assembly Bill No. 133



*FDXAMIB.COM*



# Where We Are- Sonoma County

- Adopted local regulatory framework (Dec. 2016)
- Passed Measure A: Cannabis Business Tax (March 2017)
- Approved Phase 2 and program staffing (April 2017)
- Workshop series (April – June)
- Accept permit applications (July 5, 2017)
- Compliance...?



# Taxes



- Measure A
  - Passed with 71% approval
- Refined Tax Rates with industry input
  - See handout
- Cultivation Taxes
  - Based on Square Footage
  - Rates for outdoor, indoor, and mixed light
  - Range from \$1 to \$11.25 per sq. ft.
  - Small growers have lower rate
- Supply Chain and Dispensary Taxes based on Gross Receipts



# Implementation- Workshop Series

1. Sonoma County Cannabis Program Overview
2. Cultivation 101
3. Ordinance Standards and BMP Compliance
4. Water and Wastewater
5. Cultivation Infrastructure
6. Manufacturing
7. Dispensaries
8. Energy
9. Taxation
10. Security



# Implementation- Website



COUNTY OF  
**SONOMA**

<b>Residents</b> Discover, Engage & Thrive	<b>Business</b> Trends, News & Resources	<b>Visitors</b> Explore Sonoma County	<b>Your Government</b> We Work for You
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## Sonoma County Cannabis Program

[Personal Use & Cultivation](#)

[Business Readiness Guide](#)

[Permits](#)

[Taxes](#)

[Legislation & Policy](#)

[Calendar](#)

[News Archive](#)

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## Sonoma County Cannabis Program

### Upcoming Events »



#### Sonoma County Cannabis Program Overview

Today: **May 3, 2017** from 3:00 – 5:00 PM

#### Agenda

This kick-off workshop is for all operator types and will include an overview of the Program, including the Cannabis Land Use Ordinance, Cannabis Health Ordinance, and Cannabis Business Tax Ordinance. County staff will go over requirements



Sonoma County  
**Cannabis**

### Contact Information

#### Sonoma County Cannabis Program

Contact Us by Web Form  
Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

#### Contact Us by Phone

Phone : (707) 565-7389  
CA Relay: 711

### Information for the Public

[Marijuana Public Health and Safety »](#)  
Public Health



SONOMA COUNTY  
**CANNABIS**



# Starting a Traditional Business

ZONING WASTEWATER TAX CERTIFICATE LIABILITY TAX CODE BUILDING PERMIT  
BUSINESS PROPERTY TAXES FIRE CLEARANCE WASTE FEES  
LIABILITY PAYROLL TAXES TAX CERTIFICATE WASTE FEES  
FIRE CLEARANCE HEALTH CLEARANCE BUILDING PERMIT  
BUSINESS LICENSE WASTEWATER BUSINESS PERMIT PROPERTY TAXES  
TAX ZONING PAYROLL TAXES  
LEGAL STRUCTURE TAX CODE SELLERS PERMIT  
BUILDING PERMIT SELLERS PERMIT LIABILITY  
WASTE FEES PAYROLL TAXES HEALTH CLEARANCE  
FICTITIOUS BUSINESS NAME BUSINESS LICENSE  
STATEMENT WASTE FEES



# STARTING A CANNABIS BUSINESS

**JEFF SESSIONS** STIGMA NEW TAXES

ZONING

WASTEWATER

TAX CERTIFICATE

TAX CODE

PAYROLL TAXES

NO INTERSTATE COMMERCE

BUILDING PERMIT

BUSINESS PROPERTY TAXES

FIRE CLEARANCE

LIABILITY

BUILDING PERMIT

WASTE TAXES

FIRE CLEARANCE

HEALTH CLEARANCE

CASH PAYROLL

BUSINESS LICENSE

WASTEWATER

ZONING

BUSINESS PROPERTY TAXES

LEGAL STRUCTURE

CONFLICTING LAWS

TAX CODE

SELLERS PERMIT

THEFT

BUILDING PERMIT

SELLERS PERMIT

LIABILITY

HEALTH CLEARANCE

FEDERAL RAIDS

PAYROLL TAXES

BUSINESS LICENSE

**UNFINISHED REGULATIONS**

SELLERS PERMIT

WASTE FEES

LACK OF BANKING

LACK OF BANKING

FICTITIOUS BUSINESS NAME STATEMENT

WASTE FEES

# Implementation- Business Readiness Guide

1. Developing a Business Plan »



2. Register your Business »



3. Financing »



4. State Licensing »



5. Tax Requirements »



6. Employer Responsibilities »



7. Business Insurance »



8. Tax Incentives »



9. Additional Resources »



# Cannabis Permitting

Permit  
Sonoma  
(PRMD)

- Zoning Permits (indoor & mixed light)
- Minor and Conditional Use Permits

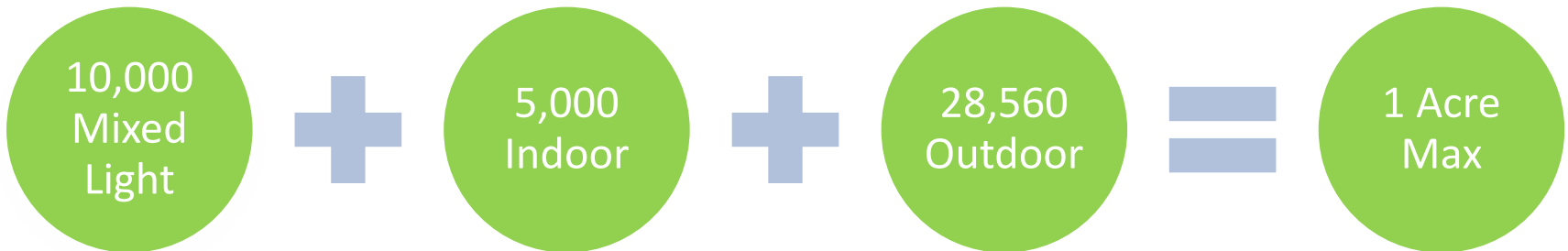
Dept. of  
Agriculture

- Outdoor Cultivation Zoning Permits up to 10,000 sq. ft.



# Cannabis Permitting

- Annual Permits
- Permitting the Operator
- Multiple Operators Allowed (except for RRD)
- Cultivation Type Combinations

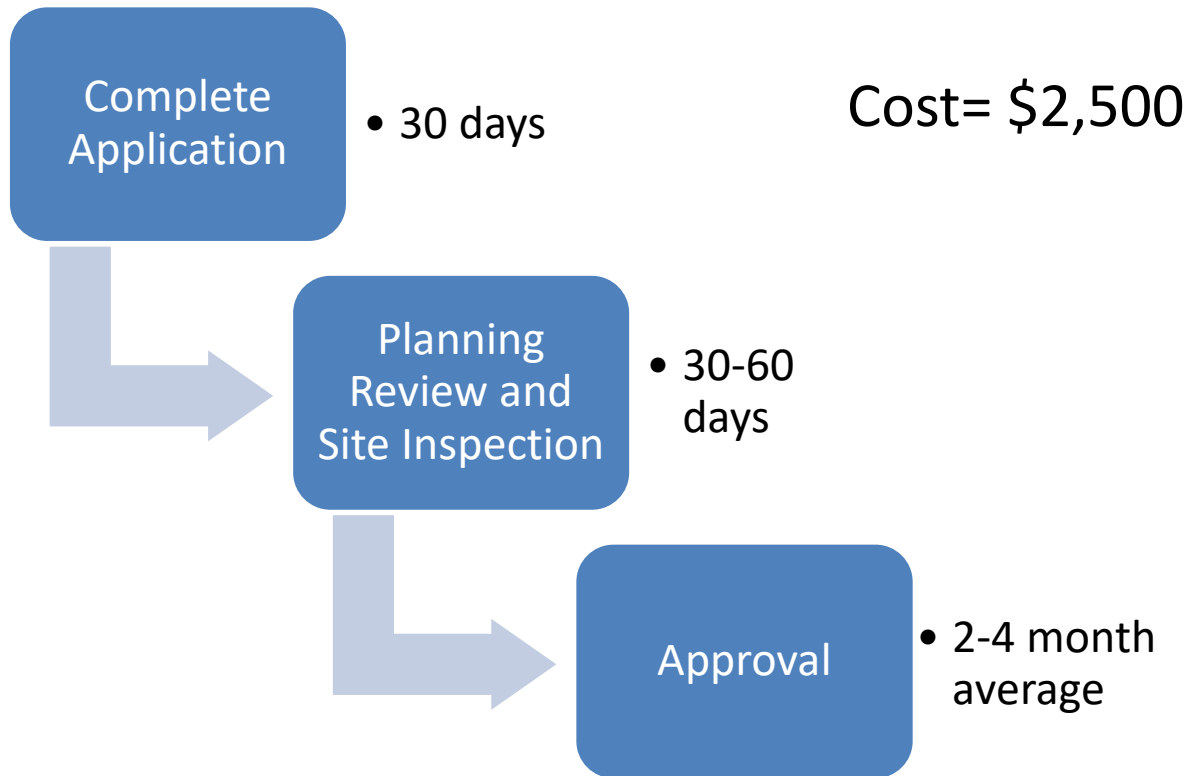


# Permit Process- Timelines

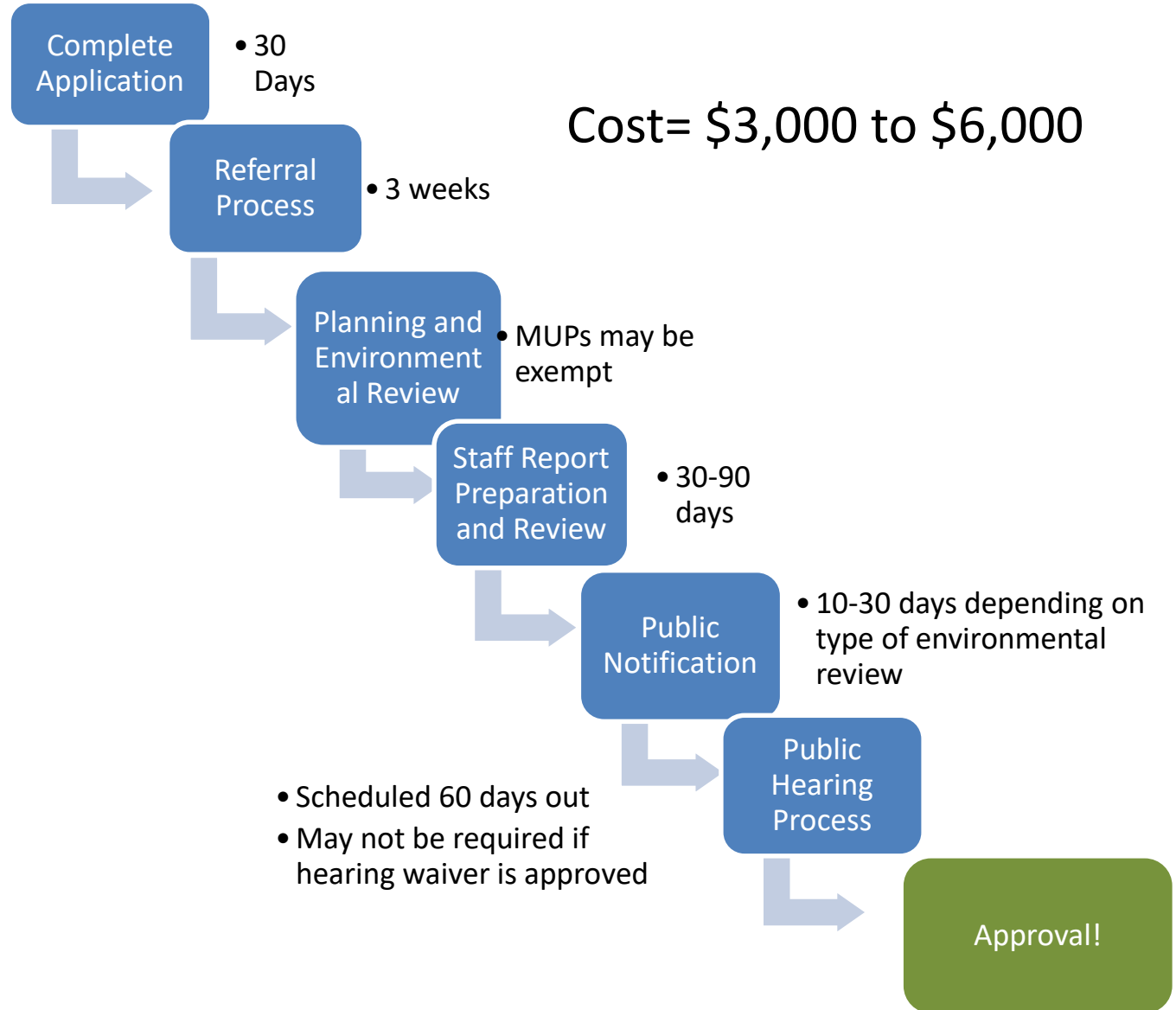
- Zoning Permit (PRMD) 3-6 months
- Minor Use Permit ≈6 months
- Conditional Use Permit ≈12 months
- Grading Permit 6 weeks
- Building Permit Plancheck <\$100K 5 weeks
- Building Permit Plancheck >\$100K 7 weeks



# Permit Process- Zoning Permit (3-6 months)

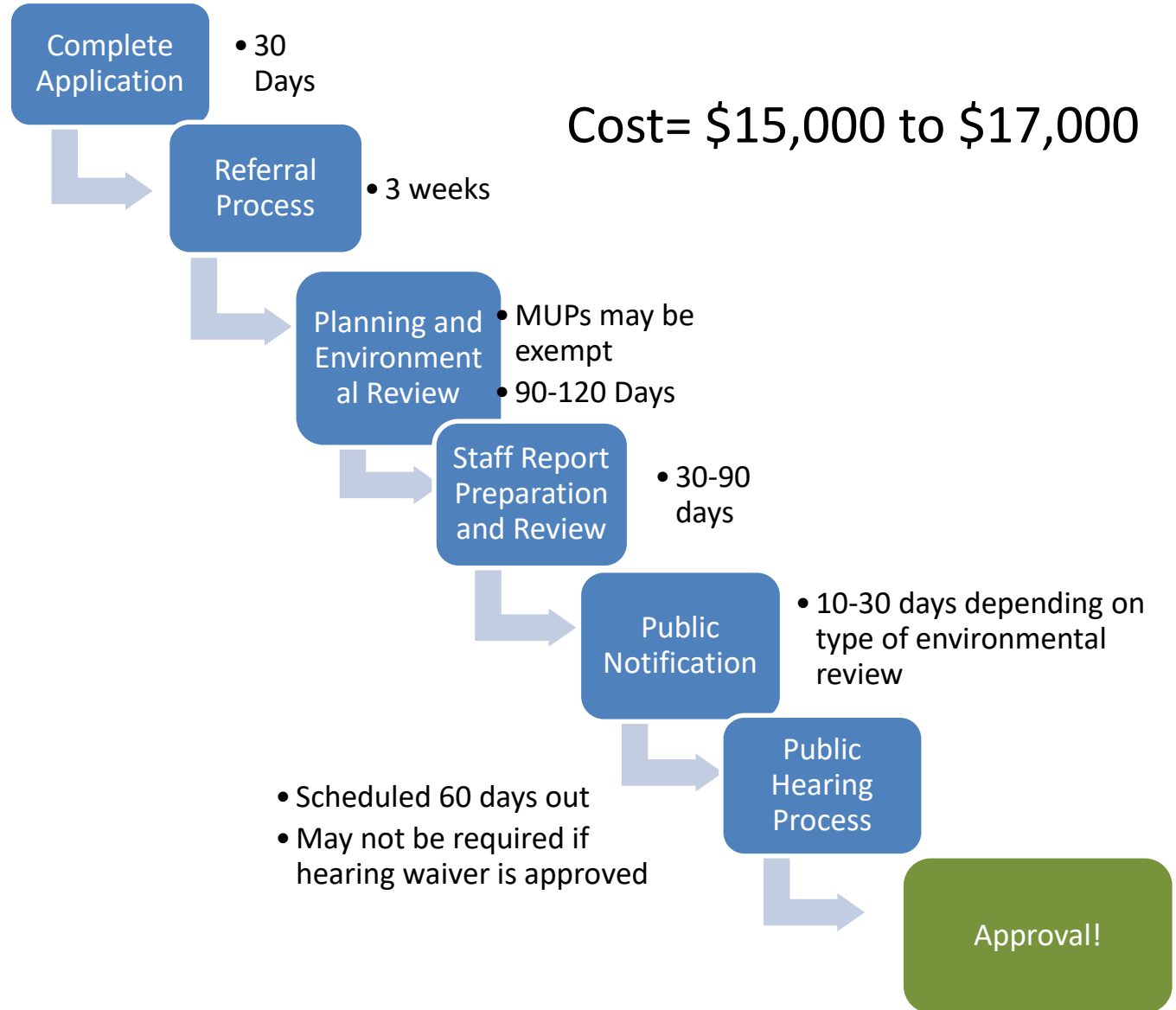


# Permit Process- Minor Use Permit (≈ 6months)





# Permit Process- Use Permit (≈12 months)



# Incentives- Priority Processing

Operator or Owner has been an existing cannabis operator in Sonoma County prior to January 1, 2016

**OR**

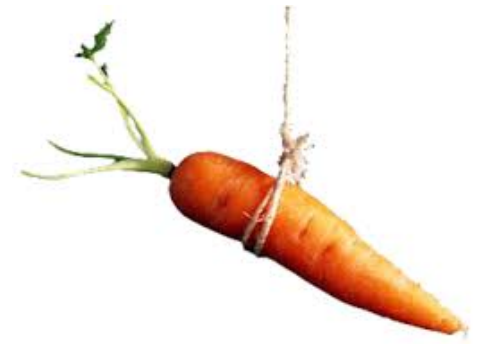
Operator or Owner has been a resident of Sonoma County prior to January 1, 2016

**AND**

Local Preference Hiring Plan



# Incentives



- Penalty Relief Program
  - Allows operators that meet the requirements to avoid Land Use Penalties and operate while permit is being processed
- Cannabis Hotline
  - Provides direct access to key staff to answer questions and assist with permits
- Tax Relief
  - Outdoor operators delay payment until after harvest

# Incentives- Penalty Relief Program

- Allows operators that meet the requirements to:
  - Avoid Land Use Penalties
  - Operate while Land Use permit is being processed
- Developed to allow the existing cannabis businesses sufficient time to enter the regulated market
- Incentive to comply with the new County regulations
- Allows for continuity of business operations



# Incentives- Penalty Relief Program Extension

## Penalty Relief Application Form

Type of Cannabis Operation (i.e. cultivation, manufacturing, distribution, etc.): \_\_\_\_\_

Permit Eligible Location?  Yes  No

Date of application submittal (if applicable): \_\_\_\_\_

Permit Number (if applicable): \_\_\_\_\_

Location (Site Address and Parcel Number): \_\_\_\_\_

Zoning: \_\_\_\_\_

Indicate start date of the operation: \_\_\_\_\_

Indicate the total existing square footage of each type of cultivation in the table below:

Indoor	Outdoor	Mixed Light

Initial Below:

\_\_\_\_\_ I certify that the operation is in compliance with the Land Use Ordinance Operating standards.

\_\_\_\_\_ I certify that the operation is in compliance with the Land Use Ordinance Development Criteria.

\_\_\_\_\_ I certify that the operation is in compliance with the Cannabis Best Management Practices.

\_\_\_\_\_ I understand that I am responsible to pay taxes as required in the Cannabis Business Tax ordinance.

\_\_\_\_\_ I understand that providing false or misleading information in this Application or at any time during the permitting process will result in rejection of the application and/or nullification or revocation of any issued permit.

\_\_\_\_\_ I affirm I am the authorized owner, operator, or sole proprietor of the cannabis business at the location listed above.

\_\_\_\_\_ I affirm that I am the property owner of the cannabis business location listed above; OR

\_\_\_\_\_ I affirm that I am authorized by the property owner to operate a cannabis business at the location listed above.

Print Operator/Applicant Name Below:

I, \_\_\_\_\_ declare under penalty of perjury that the information provided on this application is true and correct to the best of my knowledge.

I, \_\_\_\_\_ authorize entry by the agency having jurisdiction and its contractors onto any and all areas where the cannabis operation is occurring under this application at all reasonable times to determine whether I am in compliance with the above listed requirements.

Operator Contact Information (email and phone): \_\_\_\_\_

\_\_\_\_\_  
Operator/Applicant Signature

\_\_\_\_\_  
Date



**Sonoma County Permit and Resource Management Department**  
2550 Ventura Avenue Santa Rosa CA 95403-2859 (707) 565-1900  
www.PermitSonoma.org

Effective 9/12/2017

- October 31, 2017
  - Penalty Relief Application Form Due
- June 1, 2018
  - Complete Land Use Permit Application Due

# Incentives- State Tax Exemptions

- Partial Exemption for Farm Equipment and Machinery
  - 5% sales tax exemption when purchasing-
    - Farm Equipment
    - Trimming Tools
    - Drying Racks
    - Grow lights
    - Greenhouse
    - Solar Equipment
    - Irrigation Equipment



# Incentives- State Tax Exemptions

## Manufacturing and Research and Development Exemption-

- 4% sales tax exemption when purchasing-
  - Manufacturing equipment
  - Extraction equipment
  - Special purpose buildings
  - Air filtration systems



# Code Enforcement- The Stick

- Cannabis Code Enforcement Tools
  - Civil Penalties
  - Administrative Citations
  - Three Strikes Penalty
  - Liens
- Over 315 cases since Ordinance adoption
  - 60% in Rural Residential areas
  - 49 have been closed





# Permitting Update

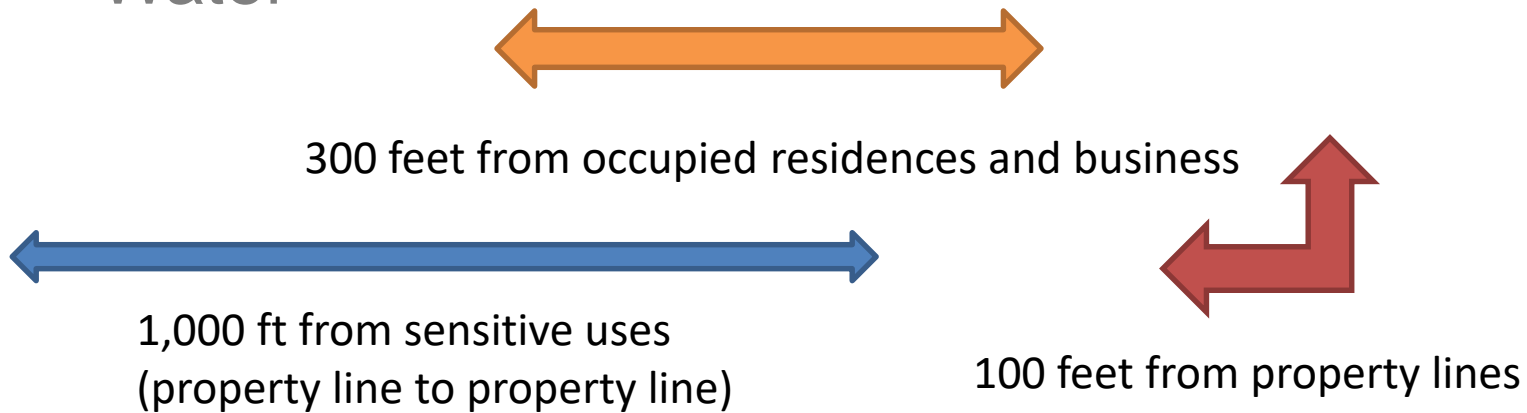
- 115 applications submitted as of 9/8/17
- Most are a Combination of Cultivation
- 10 Manufacturing
- 3 Distributors
- 2 Labs
- 2 Pending Dispensaries  
(5 Operating)



# Tim's Tips

## Site Planning

- Setbacks
  - Separation Criteria
  - Neighbors
  - Water
- CTS Habitat



# Tim's Tips

## Permit Submittal

- Project Report - all narrative in one report (1 electronic + 1 paper)
  - Application form - 1 original free; 1 in report
  - Table of Contents
  - Submittal requirements
  - Environmental setting/project description
  - Reduced plan set
  - General plan consistency/zoning conformance/operational standards
  - Ology reports



# Tim's Tips

## Permit Submittal

- Plan Set – 1 coordinated formatted set
  - Appoint a lead preparer – you, architect, engineer, etc.
  - Lead assures coordinated design protocol – scale, AutoCAD settings, etc.
  - Relate page #'s to submittal requirements
  - Cross check work across disciplines for QA/QC



SONOMA COUNTY  
CANNABIS



# Tim's Tips

## General

- Consider using the Pre-Application Process
- Talk to your neighbors
  - Request 300 ft. list from PRMD
- Respond quickly to staff
- Be a squeaky wheel (but be cool)



# Tim's Tips

## General

- Don't wait till the last minute!
- Finish "Initial" applications
- Submit Penalty Relief Application
  - Last chance to take advantage of this program
- Call with questions!



# Permit Application Support

- Visit: [sonomacounty.ca.gov/Cannabis/Permits/](https://sonomacounty.ca.gov/Cannabis/Permits/)
- Ordinance, Applications, Checklist
- Email [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)
- Call 707-565-2420



SONOMA COUNTY CANNABIS

