

ORDINANCE NO. 2022-03-01-1601

AN ORDINANCE AMENDING TITLE 5, CHAPTER 5.98, SECTION 5.98.020, CHAPTER 5.99, SECTION 5.99.030, CHAPTER 5.100, SECTIONS 5.100.080, 5.100.310; AND TITLE 16, CHAPTER 16.20, SECTION 16.20.020 AND CHAPTER 16.80, SECTION 16.80.195 OF THE STOCKTON MUNICIPAL CODE RELATING TO THE CANNABIS REGULATORY PROGRAM

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AS FOLLOWS:

SECTION I: AMENDMENT OF CODE

Title 5, Chapter 5.98, Section 5.98.020 is amended to read as follows:

5.98.020 Workforce diversity incentive program.

- A. The workforce diversity program is a voluntary program for commercial cannabis businesses. Businesses will be able to apply for the program during the business license application process and business license renewal process.
- B. Commercial cannabis businesses must meet a 50 percent diverse workforce requirement during the time of application of the business license or at the time of renewal.
- C. To qualify, at least 50 percent of the business' employees must reside within the SB 535 Disadvantaged area of the City of Stockton boundaries or reside in the Kelley Drive Neighborhood area, as defined by the Cannabis Program Administrative Guidelines referenced in Section 5.100.300, at the time of business license application or renewal.
- D. If the threshold is met, the commercial cannabis business will be provided a 50 percent reduction of the total amount due in taxes based on estimated gross receipts at the time of application for a new license, or actual gross receipts provided at time of renewal of business license.
- E. Existing commercial cannabis businesses will be able to participate in the voluntary program at the time of their business license renewal.
- F. The determination of the final percentage and final decision of program eligibility will not qualify for an appeal process. All decisions are final.

SECTION II: AMENDMENT OF CODE

Title 5, Chapter 5.99, Section 5.99.030 is amended to read as follows:

SMC 5.99.030 Payment of tax.

- A. Every business operating as a cannabis business shall pay a semiannual business license tax to the City in the following amount:
 - 1. Cultivators will pay five (5) percent of gross receipts semiannually;

2. Distributors will pay one (1) percent of gross receipts semiannually;
 3. Non-volatile manufacturers will pay three (3) percent of gross receipts semiannually;
 4. Volatile manufacturers will pay three (3) percent of gross receipts semiannually;
 5. Testing laboratories will pay zero percent of gross receipts semiannually;
 6. Retail storefront cannabis business will pay five (5) percent of gross receipts semiannually;
 7. Retail non-storefront (delivery only) cannabis business will pay five (5) percent of gross receipts semiannually;
 8. Microbusinesses will pay five (5) percent of gross receipts semiannually.
- B. Cannabis businesses must apply for semiannual business licenses. Business license tax required hereunder shall be due and payable on the first day of January and July of each year.
- C. Notwithstanding the tax rates imposed by this section, the City Council may, in its discretion, at any time by ordinance or resolution implement any lower tax rate it deems appropriate, and may increase such tax rate from time to time not to exceed the maximum tax rate authorized by this section.

SECTION III: AMENDMENT OF CODE

Title 5, Chapter 5.100, Section 5.100.080 is amended to read as follows:

5.100.080 Limitation on types and number of operators permits.

At no time shall there be in operation within the City more than fourteen (14) active operators permits for the Retailer Operator – Storefront commercial cannabis business type.

- A. The City shall have the authority to issue the following operators permits which correspond with Annual State Licenses issued by the State, as follows:

Operators Permit	Annual State Licenses	City Application Status
Cultivator Operator Permit	Type 1A – Specialty Indoor Type 1B – Specialty Mixed-Light Type 1C – Specialty Cottage – Indoor and Mixed-Light Only Type 2A – Small Indoor Type 2B – Small Mixed-Light Type 3A – Medium Indoor Type 3B – Medium Mixed-Light Type 4 – Nursery Processor	Limited Permit Expansion Process

Distributor Operator Permit	Type 11 – Distributor, Distributor Transport Only Self-Distribution, Distributor Transport Only	Open and Ongoing with a Commission Use Permit
Non-Volatile Manufacturer Operator Permit	Type 6 – Manufacturer 1 (Extractions via non-volatile solvent and mechanical method; also allows product infusion, and product packaging and labeling)	Open and Ongoing with a Commission Use Permit
Volatile Manufacturer Operator Permit	Type 7 – Manufacturer 2 (Extractions via volatile solvent, nonvolatile solvent, and mechanical method; also allows product infusion, and product packaging)	Limited Permit Expansion Process
Retailer Operator Permit	Type 10 – Retailer	Limited Permit Expansion Process
Non-Storefront Operator Permit	Type 9 – Non-Storefront Delivery	Open and Ongoing with an Administrative Use Permit
Testing Laboratory Operation Permit	Type 8 – Testing laboratory	Open and Ongoing by-right
Microbusiness	Type 12 – Microbusiness	Limited Permit Expansion Process

- B. A separate operators permit is required for each City permit type outlined above. (Ord. 2019-03-05-1501 C.S. § 3; Ord. 2018-09-18-1502 C.S. § 9; Res. 2016-06-28-1503-01 § I)
- C. In accordance with section 5.100.050, only one Operators Permit shall be issued per approved Use Permit for the same business type; notwithstanding multiple different business types or by-right uses as provided in sections 16.20.020 and 16.80.195.

SECTION IV: AMENDMENT OF CODE

Title 5, Chapter 5.100, Section 5.100.310 is amended to read as follows:

5.100.310 Business license tax.

Notwithstanding any provision to the contrary, all cannabis businesses shall pay a semiannual business license tax at the retail sales rate or at a designated higher rate, if adopted, based on gross receipts, even if it is a non-profit organization.

SECTION V: AMENDMENT OF CODE

Title 16, Chapter 16.20, Section 16.20.020 is amended to read as follows:

16.20.020 Allowable land uses and permit requirements

- A. Requirements for Primary Uses. Table 2-2 identifies the primary land uses for each zoning district, except the MX and UC zoning districts. It identifies whether the use

is allowed or not allowed, and indicates which land use permit would be required, if necessary, to authorize the use. Building permits or other permits may also be required by the Municipal Code. The land uses identified in Table 2-2 are defined in Division 8 (Glossary).

1. Permit Requirements for Primary Uses. The permitting requirements identified in Table 2-2 are:

a. Permitted (P). All land uses shown with a "P" in the table are allowed subject to compliance with all applicable provisions of this Development Code. Site plan review (Chapter 16.152) is required for new construction or for a change to a more intensive use, except as provided by Section 16.152.040 (Exemptions).

b. Land Development Permit (L). All land uses shown as "L" in the table that require construction of new structures or improvements, the expansion of an existing facility, or a change to a more intensive use, as determined by the Director, require the approval of a land development permit (Chapter 16.136). If there will be no construction, expansion of an existing facility, or a change to a more intensive use, the use is allowed without a new land development permit.

c. Administrative Use Permit (A). All land uses shown with an "A" in the tables are allowed subject to the approval of an administrative use permit (Chapter 16.172). If there is an existing use permit for the use and there will be no new construction or expansion of an existing facility, no new use permit shall be required.

d. Commission Use Permit (C). All land uses shown with a "C" in the tables are allowed subject to the approval of a commission use permit (Chapter 16.172). If there is an existing use permit for the use and there will be no new construction or expansion of an existing facility, no new use permit shall be required.

e. Not Allowed (Empty Box in Table). All land uses shown with an empty box in the table are not allowed in the applicable zoning district.

f. Not Allowed, Except Under Special Circumstances (E). All land uses shown with an "E" on the table are not allowed in the applicable zoning district, except under the special circumstances identified in the specific use standards in Division 3.

2. Uses With Specific Standards. All uses, regardless of the type of permit that may be required, shall comply with all applicable provisions of this Development Code. In addition, if there is a section number in the last column of the table ("Specific Use Standards"), the use is also subject to the referenced provisions.

3. Multiple Uses on a Single Site. Where a proposed project includes multiple land uses, and more than one type of land use permit is required, the most restrictive land use permit shall apply for all land uses.
 4. Changes to an Approved Project. Changes to an approved project that required a land use permit shall be subject to the requirements of Chapter 16.104 (Changes to an Approved Project).
 5. Uses Not Listed. Land uses that are not listed in Table 2-2 are not allowed, except as otherwise provided by Section 16.08.020(E) (Rules of interpretation— Allowable uses of land).
- B. Allowable Uses and Permit Requirements for the MX, UC and PT Districts. The uses of land that may be allowed within the MX, UC and PT zoning districts and the land use permit requirements for each allowable use shall be identified in the master development plan applicable to the specific site, in compliance with Chapter 16.140 (Master Development Plans) and the Rough and Ready Island Development Plan for the Port of Stockton, CA for the PT zoning district (as applicable).
- C. Overlay Zoning Districts. Development located in overlay zoning districts (Aircraft Operations Overlay District, Design Review Overlay District, Channel Area Overlay District, and Magnolia Historic Overlay District) shall be in compliance with Chapter 16.28 (Overlay Zoning District Land Use and Development Standards).
- D. Accessory Uses. Accessory land uses are subject to the requirements of Section 16.80.020 (Accessory uses and structures).
- E. Temporary Uses. Temporary uses are subject to the requirements of Chapter 16.164 (Temporary Activity Permits).
- F. Freeway and Highway Oriented Uses. The following uses, when both located within 1,000 feet of Interstate 5, State Highway Route 4, or State Highway Route 99 and allowable through a Land Development Permit, Administrative Use Permit, or Commission Use Permit, shall be considered a Permitted (P) use:
1. Auto/Vehicle Services: Car Washes; and
 2. Auto/Vehicle Services: Fueling Stations.

The measurement of distance under this provision shall be made from the outside boundaries of the respective freeway or highway right-of-way to the property line of the proposed use. This provision excludes land zoned MX, UC and PT.

TABLE 2-2
ALLOWABLE LAND USES AND PERMIT REQUIREMENTS

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT	SPECIFIC USE STANDARDS
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AGRICULTURAL AND RESOURCE-RELATED USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Agricultural activities & facilities	P											P	P		A	16.80.060
Cannabis cultivation											C	C	C		C	16.80.195
Community gardens	P	P	P	P	P	P	P	P	P	P	P	P		L	P	16.80.130
Conservation areas	L	L	L	L	L		L	L	L	L	L	L	L	L	L	
Market gardens/urban farms	L	A	A	A	P	P	P	P	P		P	P			P	16.80.135
Mining											A	A	A	A		
Urban agriculture	P	P	P	P	P	P	P	P	P		P	P			P	16.80.350

BUSINESS AND PROFESSIONAL USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Banks and financial services					P	P	P	P	P	P			P			
Business support services						P	P	P	P	P		P	P			
Offices					P	A	P	P	P	P		A	P	L		16.80.240

INDUSTRY, MANUFACTURING & PROCESSING USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Electricity generating plants/facilities other than nuclear											C	C	P	P		16.80.170
Electronics, equipment & appliance manufacturing											P	P	P			16.80.170
Fabric product manufacturing								P			P	P	P			16.80.170
Food and beverage product manufacturing								P			P	P	P			16.80.170
Furniture and fixtures manufacturing											P	P	P			16.80.170
Handcraft industries, small-scale manufacturing								P			P	P	P			16.80.170

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT												SPECIFIC USE STANDARDS		
Laundries and dry cleaning plants										P	P	P			16.80.170
Manufacturing															
Light										P	P	P			16.80.170
Heavy											A	P			16.80.170
Cannabis distribution										C	C	C			16.80.195
Cannabis manufacturer (volatile and non-volatile)										C	C	C			16.80.195
Cannabis, microbusiness					C**		C**		C**		C	C			16.80.195
Cannabis testing laboratory*					P	P	P	P	P		P	P			16.80.195
Metal products fabrication, machine/welding shops											P	P	P		16.80.170
Petroleum storage and distribution												A	P		16.80.170
Printing and publishing								P		L	P	P	P	L	16.80.170
Recycling and waste facilities															
Collection facility							L	L	L		P	P	P	L	16.80.290
Redemption centers															
Major							C	C	C		C	C	C	C	16.80.290
Minor							A	A	A		A	A	A	A	16.80.290
Recycling facility												A	P	A	16.80.290
Scrap and dismantling yards												A	P		16.80.170
Transfer stations												C	P	A	16.80.290
Research & development (R&D)								A		L	P	P	P	L	16.80.170
Storage yards											P	P	P	L	16.80.170
Warehouses											P	P	P		16.80.170

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS			
Wholesaling and distribution									P				P	P	P			16.80.170

RECREATION, EDUCATION, AND PUBLIC ASSEMBLY USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS		
Activity centers	A	A	A	A	A	A	A	A	A	L				A	L	C	
Adult related establishments							P	P	P								16.80.030
Auditoriums, meeting halls, and theaters						P	P	P	P	L					L		16.24.080 (B)(2) 16.24.090 (B) 16.24.110 (D) 16.24.180 (D)
Bridge clubs and nongambling board games					P	P	P	P	P	L							
Card rooms							C	C	C	L							16.80.040 16.80.040
Clubs, lodges, and private meeting halls					P	P	P	P	P	L	P		P	A			
Commercial amusement facilities						A	A	A	A	A	A						
Educational facilities																	
Academic schools—Private	A	A	A	A	A		A	A	A								
Academic schools—Public	P	P	P	P										P			
Colleges and universities—Private		C			C												
Vocational and technical schools					P	P	P	P	P	P	P						
Equipment repair and maintenance training							P	P		A	P				L		
Specialized education and training					A	A	P	P	P	A	P		P	L			

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS
Vehicle repair and maintenance training								P		A	P	P	P	L	
Truck and heavy equipment education and training											P	P	P	L	
Equestrian facilities	C										A	A		L	C
Golf courses/country clubs	C	C	C	C	C		A	A			A		P	L	A
Indoor recreation facilities							A	A	A	A	A		P	L	
Libraries and museums		C	C	C	P	P	P	P	P	P	P			L	A
Live entertainment						P	P	P	P					P	
Marinas							C	C			C		A	A	
Outdoor assembly facilities							A	A	A					L	
Outdoor commercial recreation facilities							C	C	C	C	C			A	
Parks and playgrounds	P	P	P	P	P	P	P	P						P	P
Pool halls/billiard parlors									C	C	L				
Private entertainment facilities							C	C	C		C				
Private residential recreation facilities	A	A	A	A											
Recreational vehicle parks							A	A			A			L	
Religious facilities	A	A	A	A	P	P	P	P	P	P	P			L	
Studios					P	P	P	P	P	L					

RESIDENTIAL USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Accessory dwelling units (ADUs) and	P	P	P	P	P	P	P	P						P		16.80.310

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS	
Bars and nightclubs—On-sale						C	C	C	C							16.80.270
Sale of alcohol—Off-sale						C	C	C	C				C	C		16.80.040
With another use—On-sale						L	L	L	L				L	L		
Artisan shops					P	P	P	P	P	L	P					
Auto and vehicle sales—New								L		P						16.24.1120, 16.80.070, 16.80.330
Auto and vehicle sales—Used							L			A	L					16.24.1120, 16.80.070, 16.80.330
Auto and vehicle leasing/rental							A	L		A	L					16.80.070
Auto parts sales						P	P	P	P	A						
Building material stores						A	P	L	P		P					16.80.330
Construction, farm & heavy equipment sales							A			A	P	P	P			16.80.330
Convenience stores						C	C	C	C							16.80.040, 16.80.140, 16.80.270
Furniture, furnishings, and appliance stores					C	P	P	P	P	P	P					16.80.330
Mobile home sales										A	P					16.80.330
Nurseries and garden supply stores	A				C	A	P	P	P	P	P					16.80.330
Outdoor retail sales and activities								A	A		A					16.80.260
Pet shops						P	P	P	P							
Recreational vehicle & boat sales—New/used								L		A	L					16.80.330
Restaurants					P	P	P	P	P	P			P			16.80.250
Retail stores				A	P	P	P	P	P	P	P		P			16.80.330

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS
Child care centers	C	C	C	C	P	P	P	P	P	P			P	P	16.80.100
Large family child care homes	P	P	P	P	P	P	P	P						P	16.80.100
Small family child care homes	P	P	P	P	P	P	P	P						P	
Equipment rental								L	P	A	P		P		
Funeral facilities and services															
Cemeteries		C	C	C	C		C	C		C	C	C		C	C
Mortuaries							C	C		C	A	A		A	
Funeral homes					A	A	A	A		A					
Health/fitness facilities						P	P	P	P	L					
Lodging facilities															
Bed and breakfast		C	C	C	P	P	P	P						A	16.80.090
Extended-stay facilities							P	P	P						
Hotels and motels					P		P	P	P				P		
Massage establishment															16.80.190
State certified					P	P	P	P	P						
Non-certified						C	C	A	A						
Medical services															
Ambulance service					A		P	P	P	L	P		P	L	
Clinics and laboratories					P	P	P	P	P	L			P	L	
Extended care	C	C	C	P	P		P	P						L	
Health-related					P	P	P		P					A	16.80.190
Hospitals					C		C	C						C	
Medical-related facilities					P	P	P	P	P					P	
Non-storefront cannabis retail operator permit (delivery only)					A		A	A	A		A	A			16.80.195

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS		
	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF		OS	
Personal services— Restricted						C	C	A	A								
Personal services— Unrestricted						P	P	P	P					P			
Personal storage facilities (mini-storage)							A		L	L	P	P	P				16.80.200
Repair services						P	P	P	P	P	P						
Sanitary services											C	A	P	L			16.36.080
Social services facilities																	
Drug abuse, alcohol recovery/treatment facility					A		A	A							A		
Feeding centers								C			C	C		A			
Emergency shelters				C	C		C	C			P	P		P			16.80.155

TRANSPORTATION AND COMMUNICATION USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Broadcasting studios						P	P	P	P	A	P	P	P	L		
Communications facilities																
Minor		E	E	E	P		P	P	P	P	P	P	P	P	P	Ch. 16.44
Major					A		A	A	A	A	A	P	P	A		Ch. 16.44
Transit stations and terminals							C	C			C	C	P	C		
Vehicle and freight terminals											P	P	P			

OTHER USES

	RE	RL	RM	RH	CO	CN	CG	CD	CL	CA	IL	IG	PT	PF	OS	
Live-work space				P	P	P	P	P	P		P					
Major impact facilities												C	C	C		
Motion picture production								P			P	P	P			
Multi-use facilities					P	P	P	P	P		A	A	P			16.80.230

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT														SPECIFIC USE STANDARDS
	A	A	A	A	A	A	P	P	P	L	P	P	P	L	
Public and semipublic utility facilities	A	A	A	A	A	A	P	P	P	L	P	P	P	L	
Public institutions	C	C	C	C	C	C	C	C	C		C	C	L	L	
Signs—Off-premises							E	E	E		E	E	E	E	16.76.110

Key: P = Use permitted

L = Land development permit required

A = Administrative use permit required

C = Commission use permit required

E = Use not allowed, except under special circumstances

Empty box = Use not allowed

Notes:

See Section 16.20.020 for an explanation of the table and each land use permit requirement.

A use permit shall be required of any new commercial, industrial, institutional, or accessory use, or major addition that involves the manufacture, storage, handling, or processing of hazardous materials in compliance with Section 16.36.080 (Hazardous materials).

See Division 8 for definitions of the listed land uses.

Home occupations require a home occupation permit (Chapter 16.132).

* Cannabis laboratories are not allowed to vertically integrate. This use is a stand-alone cannabis business and cannot be combined with any other cannabis business type.

** A microbusiness permit for a Retail/Distributor/Manufacturer (RDM) designation shall be allowed within Commercial, Office (CO), Commercial, General (CG), Commercial, Large-Scale (CL), if the retail component of the business floor area is 50% or more and no cultivation activities will take place as a part of the business.

SECTION VI: AMENDMENT OF CODE

Title 16, Chapter 16.80, Section 16.80.195 is amended to read as follows:

16.80.195 Cannabis business types—Commission use permitting.

A. Retailer Operator Permit – Storefront (Retailer Operator)—Land Use Process.

1. **Eligible Applicants.** To apply for a commission use permit, a retailer operator permit applicant must first be selected from either the general pool or equity pool after submitting an intent to apply. Refer to subsection K of this section.
2. **Commission Use Permit Required.** A commission use permit is required to sell medical or adult-use cannabis at a retail location.

3. **Limitation on Number of Commission Use Permits.** In accordance with section 5.100.080, at no time shall there be in operation within the City more than a total of fourteen (14) Storefront Retailer cannabis businesses.

Commission Use Permit applications for Storefront Retailers shall not be accepted nor processed unless there are less than fourteen (14) active Operators Permits for Storefront Retailer cannabis business types.

4. **Operators Permit Required.** After acquiring a commission use permit, a retailer operator permit applicant must obtain and maintain at all times a valid cannabis operators permit as required by Chapter 5.100. An operators permit is required whether the retailer intends on selling medical and/or adult-use cannabis.

5. **Zoning Districts.** A retailer operator permit shall only be issued for property located in Commercial, Office (CO), Commercial, General (CG), Commercial Downtown (CD), Commercial, Large-Scale (CL), Industrial, General (IG) or Industrial, Limited (IL) zones, as indicated in Table 2-2. They are also allowed in the Mixed Use (MX) zone.

6. **Location Requirements.** The following location requirements apply to all retailer operator permits:

a. No retailer operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;

b. At the time the land use permit is issued, no retailer operator shall be established or located within 600 feet of any of the following:

- i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or childcare facility.
- ii. A public park, playground, recreational area, or youth facility.
- iii. Religious facilities.
- iv. Drug abuse, or alcohol recovery/treatment facility.

c. No retailer operator shall be established or located within 1,000 feet of any of the following:

- i. Existing cannabis storefront retailer operator
- ii. Existing RDC, RDM, and/or RCM microbusiness operator.
(A) Existing indicates the possession of an approved use permit.

d. For the purpose of this section, distances shall be measured between the closest property lines of the affected locations.

e. Applies to 16.80.195.A.5.a and b only:
Only those uses established and in operation as of the date that the application for a retailer operator commission use permit is determined or

deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

7. **Conditions of Approval.** The Planning Commission may address development and operational standards through conditions on the commission use permit as it is determined to be necessary or appropriate for the cannabis retailer operator commission use permit under consideration; provided, that conditions shall not conflict with the provisions of Chapter 5.100, relating to operating requirements of retailer operator permit and shall be subordinate to conditions placed on the retailer operator permit issued under Chapter 5.100.

8. **Parking.** Off-street parking shall be provided as required under Chapter 16.64.040, Table 3-9.

9. **Application.** The application for a commission use permit for a retailer operator permit shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

10. **Pre-Existing Cannabis Dispensaries—Nonconforming.** No retailer operator permit operating or purporting to operate without a valid business license and commission use permit prior to the adoption of the ordinance codified in this section, shall be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such dispensary be deemed a legal nonconforming use under this Title 16.

11. **Additional Grounds for Revocation of Retailer Operator Permit Commission Use Permit.** In addition to the grounds stated in Section 16.108.030(B) for revocation of a commission use permit, a commission use permit for a retailer operator may be revoked on either of the following grounds in accordance with the procedure under Section 16.108.030(A):

- a. The retailer operator permit is operated in a manner that violates any of the provisions of State law or this code; or
- b. The retailer operator permit does not have a valid retailer operator permit in accordance with Chapter 5.100.

12. **Adult-Use Sales.** Existing retailer operator permits in possession of a valid, active commission use permit, may also sell adult-use cannabis by-right with a valid amendment to their retailer operator permit in accordance with Chapter 5.100.

13. **Existing Businesses Prior to July 16, 2019** – If a commission use permit was approved as of July 16, 2019, existing retail operators whose operations are located in the Industrial, Light (IL) or Industrial, General (IG) zone shall be permitted to engage in distribution, non-volatile manufacturing, non-storefront retail (delivery only), and cultivation by-right. Existing retail operators whose operations are located in the Commercial, Office (CO), Commercial, General (CG), Commercial Downtown (CD), Commercial, Large-Scale (CL), or Mixed Use (MX) zones shall be permitted to engage in non-storefront retail (delivery only) by-right. Operators must amend their operators permit and city business license to reflect the additional land-uses included in 16.80.195(A).12.

14. **Transferability of Land-use** – Transferring an existing retailer operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender of a previously-approved commission use permit at the original/existing location from the property owner. The form of “Surrender of Use” shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.
- d. Participation in the cannabis lottery is not required.
- e. Equity applicants will be required to comply with requirements in subsection 16.80.195(K)(5)(a)(vii) and (viii).

B. Non-Storefront Retail Operator Permit (Delivery Only) — Land Use Process.

1. **Administrative Use Permit Required.** Except for existing business approved prior to July 16, 2019, which are regulated by SMC 16.80.195(A) and (C), an administrative use permit is required to establish and operate a non-storefront retail cannabis delivery business.

2. **Operator Permit Required.** After acquiring an administrative use permit, the non-storefront retail operator (delivery only) must obtain and maintain a valid cannabis business operators permit as required by Chapter 5.100.

3. **Zoning Districts.** A non-storefront retail operator permit (delivery only) shall only be issued for property located within the Commercial, Office (CO), Commercial, General (CG), Commercial, Downtown (CD), Commercial, Large-Scale (CL), Industrial, Limited (IL), and Industrial, General (IG) as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.

4. **Location Requirements.** The following location requirements apply to all non-storefront retail operators (delivery only):

- a. No non-storefront operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;

- b. At the time the land use permit is issued, no non-storefront operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities,
 - (A) Section 16.80.195.B.4.b.iii shall not apply if both the religious facility and non-storefront retailer are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility
- c. For the purpose of this section, distances shall be measured between the closest property lines of the affected locations.
- d. Only those uses established and in operation as of the date that the application for a non-storefront (delivery only) operator use permit is determined or deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

5. **Conditions of Approval.** The administrator may address development and operational standards through conditions on the administrative use permit as it determined to be necessary or appropriate for the non-storefront operator permit (delivery only) administrative use permit under consideration; provided, that these conditions do not conflict with provisions of Chapter 5.100 relating to operating requirement of non-storefront operators (delivery only) sites and shall be subordinate to conditions placed on the cannabis operators permit issued under Chapter 5.100.

6. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

7. **Application.** The application for an administrative use permit for a non-storefront operator site shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

8. Pre-Existing Cannabis Non-Storefront Operator (Delivery Only) Sites—Nonconforming. No non-storefront operator (delivery only) operating or purporting to operate without a valid business license and administrative use permit prior to the adoption of the ordinance codified in this section, shall not be deemed, to have been a legally established use under the provision of this code, nor shall the operation of such non-store front (delivery only) operation site be deemed a legal nonconforming use under this Title 16.

9. Additional Grounds for Revocation of Cannabis Non-Storefront Operation (Delivery Only) Site Administrative Use Permit. In addition to the grounds stated in Section 16.108.030(B) for revocation of an administrative use permit, an administrative use permit for a non-storefront operator (delivery only) may be revoked on either of the following grounds in accordance with the procedure under Section 16.108.030(A):

- a. The non-storefront operator is operated in a manner that violates any of the provisions of State law or this code; or
- b. The non-storefront operator does not have a valid cannabis operator permit as required by Chapter 5.100.

10. Transferability of Land-use – Transferring an existing non-storefront operator (delivery only) from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender a previously-approved administrative use permit at the original/existing location from the property owner. The form of “Surrender of Use” shall be notarized by a notary public; and
- c. Apply for and obtain a new administrative use permit.
- d. Participation in the cannabis lottery is not required.

C. Cultivator Operator Permit Application (Cultivator Operator).

1. Commission Use Permit Required. A commission use permit is required to establish or operate a cannabis cultivation operation.

2. Adult-Use Cannabis Cultivation. A permitted medical cannabis cultivation site is allowed to grow adult-use cannabis by-right.

3. Existing Businesses Prior to March 5, 2019 – If a commission use permit was approved as of March 5, 2019, existing cultivator operators shall be permitted to engage in distribution, non-volatile manufacturing, and non-storefront retail (delivery only) by right. Operators must amend their operators permit and city business license to reflect the additional land-uses included in 16.80.195.C.3.

4. **Operators Permit Required.** After acquiring a commission use permit, a cannabis cultivation site must obtain and maintain at all times a valid cannabis operators permit as required by Chapter 5.100.

5. **Zoning Districts.** A cultivator operator permit shall only be issued for property located within the Industrial, Limited (IL), Industrial, General (IG), Port (PT), or Open Space (OS), as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.

6. **Location Requirements.** The following location requirements apply to all cannabis cultivator operators:

- a. No cultivator operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
- b. No cultivator operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
 - (A) Section 16.80.195.C.8.b.iii shall not apply if both the religious facility and cultivator are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.
- c. For the purpose of this section, distances shall be measure between the closest property lines of the affected locations.
- d. Only those uses established and in operation as of the date that the application for a cultivator commission use permit is determined or deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

7. **Limit on Growth Square Footage.** The cumulative area of total canopy size on the premises of a cultivator operator shall not exceed 22,000 square feet.

8. **Conditions of Approval.** The Planning Commission may address development and operational standards through conditions on the commission

use permit as it is determined to be necessary or appropriate for the cultivator operator commission use permit; provided, that conditions do not conflict with the provisions of Chapter 5.100 relating to operating requirements of cultivator operator and shall be subordinate to conditions placed on the cultivator operator permit issued under Chapter 5.100.

9. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

10. **Application.** The application for a commission use permit for a cultivator operator shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

11. **Pre-Existing Cannabis Cultivation Sites—Nonconforming.** No cultivator operator operating or purporting to operate without a valid business license and commission use permit prior to the adoption of the ordinance codified in this section, shall be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such cultivation site be deemed a legal nonconforming use under this Title 16.

12. **Additional Grounds for Revocation of Cultivator Operator Commission Use Permit.** In addition to the grounds stated in Section 16.108.030(B) for revocation of a commission use permit, a commission use permit for a cultivator operator may be revoked on either of the following grounds in accordance with the procedure under Section 16.108.030(A):

- a. The cultivator operator is operated in a manner that violates any of the provisions of State law or this code; or
- b. The cultivator operator does not have a valid cannabis operator permit as required by Chapter 5.100.

13. **Retail Storefront Operation.** If a commission use permit was approved as of July 16, 2019, existing cultivator operators shall be permitted to engage in retail storefront operations by-right. Operators must amend their operators permit and City business license to reflect the additional land-use included in 16.80.195.C.13.

14. **Transferability of Land-use –** Transferring an existing cultivator operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender a previously-approved commission use permit at the original/existing location from the property owner. The form of "Surrender of Use" shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.

- d. Participation in the cannabis lottery is not required.
- e. Equity applicants will be required to comply with requirements in subsection 18.80.195(K)(5)(a)(viii).

D. Volatile Manufacturer Operator Permit Applicant (Volatile Manufacturer Operator).

1. **Commission Use Permit Required.** A commission use permit is required to engage in commercial volatile manufacturing of cannabis.
2. **Operators Permit Required.** After acquiring a commission use permit, a volatile manufacturer operator must obtain and maintain at all times a valid cannabis operators permit as required by Chapter 5.100.
3. **Zoning Districts.** A volatile manufacturer operator permit shall only be issued for property located within the Industrial, Limited (IL), Industrial, General (IG), or Port (PT) as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.
4. **Location Requirements.** The following location requirements apply to all cannabis volatile manufacturers.
 - a. No volatile manufacturer operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
 - b. No volatile manufacturer operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
 - (A) Section 16.80.195.D.4.b.iii shall not apply if both the religious facility and volatile manufacturer are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.
 - c. For the purpose of this section, distances shall be measured between the closest property lines of the affected locations.
 - d. Only those uses established and in operation as of the date that the application for a volatile manufacturer commission use permit is determined or deemed to be complete shall be considered for

purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

5. **Conditions of Approval.** The Planning Commission may address development and operational standards through conditions on the commission use permit as it is determined to be necessary or appropriate for the volatile manufacturer operator commission use permit under consideration; provided, that conditions shall not conflict with the provisions of Chapter 5.100, relating to operating requirements of volatile manufacturer operator and shall be subordinate to conditions placed on the cannabis operators permit issued under Chapter 5.100.

6. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

7. **Application.** The application for a commission use permit for a volatile manufacturer operator shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

8.—**Pre-Existing Cannabis Volatile Manufacturers—Nonconforming.** No volatile manufacturer operator operating or purporting to operate without a valid business license and commission use permit prior to the adoption of the ordinance codified in this section, shall be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such manufacturing be deemed a legal nonconforming use under this Title 16.

9. **Additional Grounds for Revocation of Volatile Manufacturer Operator Commission Use Permit.** In addition to the grounds stated in Section 16.108.030(A):

- a. The cannabis volatile manufacturer operator is operated in a manner that violates any of the provision of State law or this code; or
- b. The volatile manufacturer operator does not have a valid cannabis manufacturer operators permit required by Chapter 5.100.

10. **Transferability of Land-use –** Transferring an existing volatile manufacturer operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).

- b. Voluntary surrender a previously-approved commission use permit at the original/existing location from the property owner. The form of "Surrender of Use" shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.
- d. Participation in the cannabis lottery is not required.
- e. Equity applicants will be required to comply with requirements in subsection 18.80.195(K)(5)(a)(viii).

E. Non-Volatile Manufacturer Operator Permit Applicant (Manufacturer Operator).

1. **Commission Use Permit Required.** A commission use permit is required to engage in commercial non-volatile manufacturing of cannabis.
2. **Operators Permit Required.** After acquiring a commission use permit, a non-volatile manufacturer operator must obtain and maintain at all times a valid cannabis operators permit as required by Chapter 5.100.
3. **Zoning Districts.** A non-volatile manufacturer operator permit shall only be issued for property located within the Industrial, Limited (IL), Industrial, General (IG), or Port (PT) as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.
4. **Location Requirements.** The following location requirements apply to all cannabis non-volatile manufacturers:
 - a. No non-volatile manufacturer operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
 - b. No non-volatile manufacturer operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
 - (A) Section 16.80.195.E.4.b.iii shall not apply if both the religious facility and non-volatile manufacturer are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.
 - c. For the purposes of this section, distances shall be measured between the closest property lines of the affected locations.
 - d. Only those uses established and in operation as of the date that the application for a non-volatile commission use permit is determined

or deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

5. **Conditions of Approval.** The Planning Commission may address development and operational standards through conditions on the commission use permit as it is determined to be necessary or appropriate for the non-volatile manufacturer operator commission use permit under consideration; provided, that conditions shall not conflict with the provisions of Chapter 5.100, relating to operating requirements of non-volatile manufacturer operator and shall be subordinate to conditions placed on the cannabis operators permit issued under Chapter 5.100.

6. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

7. **Application.** The application for a commission use permit for a non-volatile manufacturer operator shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

8. **Pre-Existing Cannabis Non-Volatile Manufacturers—Nonconforming.** No non-volatile manufacturer operator operating or purporting to operate without a valid business license and commission use permit prior to the adoption of the ordinance codified in this section, shall be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such non-volatile manufacturing be deemed a legal nonconforming use under this Title 16.

9. **Additional Grounds for Revocation of a Non-Volatile Manufacturer Operator Commission Use Permit.** In addition to the grounds stated in Section 16.108.030(A):

- a. The cannabis non-volatile manufacturer operator is operated in a manner that violates any of the provision of State law or this code; or
- b. The non-volatile manufacturer operator does not have a valid cannabis non-volatile manufacturer operators permit required by Chapter 5.100.

10. **Transferability of Land-use** – Transferring an existing non-volatile manufacturer operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender a previously-approved commission use permit at the original/existing location from the property owner. The form of "Surrender of Use" shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.
- d. Participation in the cannabis lottery is not required.

F. Distributor Operator Permit Applicant (Distributor Operator).

1. **Commission Use Permit Required.** A commission use permit is required to establish or operate a distributor operator permit, except as otherwise noted for existing cannabis cultivations.

2. **Operators Permit Required.** After acquiring a commission use permit, distributor operators must obtain and maintain at all times a valid cannabis operators permit as required by Chapter 5.100.

3. **Zoning Districts.** A distributor operator permit shall only be issued for property located within the Industrial, Limited (IL), Industrial, General (IG), or Port (PT) as indicted in Table 2-2. They are also allowed in Mixed Use (MX) zones.

4. **Location Requirements.** The following location requirements apply to all distributor operator:

- a. No distributor operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
- b. No distributor operator shall be established or located within 600 feet or any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
 - (A) Section 16.80.195.F.4.b.iii shall not apply if both the religious facility and distributor are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.
- c. For the purpose of this section, distances shall be measured between the closest property lines of the affected locations.
- d. Only those uses established and in operation as of the date that the application for a distributor commission use permit is determined or

deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

5. **Conditions of Approval.** The Planning Commission may address development and operational standards through conditions on the commission use permit as it is determined to be necessary or appropriate for the distributor operator commission use permit under consideration; provided, that conditions shall not conflict with the provisions of Chapter 5.100 relating to operating requirements of distributor operator sites and shall be subordinate to conditions placed on the cannabis distributor operators permit issued under Chapter 5.100.

6. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

7. **Application.** The application for a commission use permit for a distributor operator site shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

8. **Pre-Existing Cannabis Distributor Sites—Nonconforming.** No distributor operator operating or purporting to operate without a valid business license and commission use permit prior to the adoption of the ordinance codified in this section, shall not be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such cultivation site be deemed a legal nonconforming use under this Title 16.

9. **Additional Grounds for Revocation of Cannabis Distributor Site Commission Use Permit.** In addition to the grounds stated in Section 16.108.030(B) for revocation of a commission use permit, a commission use permit for a distributor operator may be revoked on either of the following ground in accordance with the procedure under Section 16.108.030(A):

- a. Distributor operator site is operated in a manner that violates any of the provisions of State law or this code; or
- b. The distributor operator site does not have a valid cannabis operators permit as required by Chapter 5.100

10. **Transferability of Land-use** – Transferring an existing distributor operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender a previously-approved commission use permit at the original/existing location from the property owner. The form of "Surrender of Use" shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.
- d. Participation in the cannabis lottery is not required.

G. Testing Laboratory Operator Permit Applicant (Testing Laboratory Operator).

1. **Land Use Requirement.** Testing laboratories land use is allowed by-right. All other requirements set forth in this section must be met.
2. **Operators Permit Required.** The testing laboratory operator must obtain and maintain a valid cannabis testing facility permit as required by Chapter 5.100.
3. **Zoning Districts.** A testing laboratory operator permit shall only be issued for property located within the Commercial, Office (CO), Commercial, Neighborhood (CN), Commercial, General (CG), Commercial, Downtown (CD), Commercial, Large-Scale (CL), Industrial, Limited (IL), or Industrial, General (IG), as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.
4. **Location Requirements.** The following location requirements apply to all testing laboratory operators:
 - a. No testing operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
 - b. No testing operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
(A) Section 16.80.195.G.4.b.iii shall not apply if both the religious facility and testing laboratory are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.

- c. For the purposes of this section, distances shall be measured between the closest property lines of the affected locations.
- d. Testing facilities are not allowed to vertically integrate or have other cannabis business types as a part of the business.
- e. Only those uses established and in operation as of the date that the application for a testing laboratory operator permit is determined or deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

5. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

6. **Pre-Existing Cannabis Testing Facility Sites—Nonconforming.** No testing laboratory operator operating or purporting to operate without a valid business license and operators permit prior to the adoption of the ordinance codified in this section, shall be deemed to have been a legally established use under the provisions of this code, nor shall the operation of such testing site be deemed a legal nonconforming use under this Title 16.

7. **Additional Grounds for Revocation of Cannabis Testing Facility Site By-Right Allowance.** The land use rights for a testing laboratory operator may be revoked on either of the following grounds:

- a. The testing laboratory operator is operated in a manner that violates any of the provisions of State law or this code; or
- b. The testing laboratory operator does not have a valid testing cannabis operator permit as required by Chapter 5.100.

H. **Microbusiness Operator Permit—Land Use Process.**

- 1. **Eligible Applicants.** To apply for a microbusiness operator commission use permit, an applicant must first be selected from either the general pool or equity pool after submitting an intent to apply. Refer to subsection K of this section.
- 2. **Use Permits Required.** Based on subtype, the following use permits are required to establish and operate a microbusiness:

RDC		RDM	
Retailer or	CUP	Retailer or	CUP

Retailer (Non-Storefront)	AUP	Retailer (Non-Storefront)	AUP
Distributor or	CUP	Distributor or	CUP
Distributor (Transport Only)	CUP	Distributor (Transport Only)	CUP
Cultivation (less than 10,000 sq. ft.)	CUP	Manufacturer (Level 1, Type 6)	CUP
RCM		DCM	
Retailer or	CUP	Distributor or	CUP
Retailer (Non-Storefront)	AUP	Distributor – Transport Only	CUP
Cultivation (less than 10,000 sq. ft.)	CUP	Cultivation (less than 10,000 sq. ft.)	CUP
Manufacturer (Level 1, Type 6)	CUP	Manufacturer (Level 1, Type 6)	CUP

In the case of microbusinesses only, the multiple commission use permit application requirement shall be processed as a single commission use permit application for review and approval by the Planning Commission.

3. **Operator Permit Required.** After acquiring the required use permits, the microbusiness must obtain and maintain a valid cannabis operators permit as required by Chapter 5.100.

In the case of microbusinesses only, a single cannabis business operators permit application addressing all subtypes (as submitted by the applicant) shall be processed for review and approval by the Chief of Police.

4. **Zoning Districts.** A microbusiness permit shall only be issued for property located within the Industrial, Limited (IL) and Industrial, or General (IG) zones, as indicated in Table 2-2. They are also allowed in Mixed Use (MX) zones.

A microbusiness permit for a Retail/Distributor/Manufacturer (RDM) designation shall be allowed within Commercial, Office (CO), Commercial, General (CG), Commercial, Large-Scale (CL), if the retail component of the business floor area is 50% or more and no cultivation activities will take place as a part of the business operations.

5. **Location Requirements.** The following location requirements apply to all cannabis microbusiness:

- a. In the case of microbusinesses with non-storefront operator (delivery only), microbusiness must be located within a fully-enclosed building and the interior of the building must not be visible from the public right-of-way;

- b. No microbusiness operator shall be established or located within 300 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone or use;
- c. No microbusiness operator shall be established or located within 600 feet of any of the following:
 - i. A public or private academic school for students in kindergarten through 12th grade, nursery school, preschool, or day-care facility.
 - ii. A public park, playground, recreational area, or youth facility.
 - iii. Religious facilities.
 - (A) Section 16.80.195.H.5.c.iii shall not apply to DCM microbusiness subtypes if both the religious facility and DCM microbusiness are located in an IL or IG zoning district.
 - iv. Drug abuse, or alcohol recovery/treatment facility.
- d. No RDC, RDM, and/or RCM microbusiness operator shall be established or located within 1,000 feet of any of the following:
 - i. Existing cannabis storefront retailer operator
 - ii. Existing RDC, RDM, and/or RCM microbusiness operator.
 - (A) Existing indicates the possession of an approved use permit.
- e. For the purpose of this section, distances shall be measure between the closest property line of the affected locations.
- f. Applies to 16.80.195.H.5.b and c only:
Only those uses established and in operation as of the date that the application for a microbusiness operator commission use permit is determined or deemed to be complete shall be considered for purposes of determining whether the location requirements are met.

Established and in Operation shall mean that the use has control of the location (whether owned or leased), has obtained all required licenses/permits/etc. and actively functioning in their specific business, enterprise, mission, or venture.

6. Conditions of Approval. The administrator may address development and operational standards through conditions on the administrative use permit as it is determined to be necessary or appropriate for the microbusiness use permit(s) under consideration; provided, that these conditions do not conflict with provisions of Chapter 5.100 relating to operating requirement of microbusiness sites and shall be subordinate to conditions placed on the cannabis operators permit issued under Chapter 5.100.

7. **Parking.** Off-street parking shall be provided as required under Section 16.64.040, Table 3-9.

8. **Application.** The application for a use permit for a microbusiness site shall include a floor plan, site plan, and neighborhood context map. The Director may also require more and/or different information, at his or her discretion.

9. **Pre-Existing Cannabis Microbusiness Sites—Nonconforming.** No microbusiness operating or purporting to operate without a valid business license and required use permit(s) prior to the adoption of the ordinance codified in this section, shall not be deemed, to have been a legally established use under the provision of this code, nor shall the operation of such microbusiness operation site be deemed a legal nonconforming use under this Title 16.

10. **Additional Grounds for Revocation of Cannabis Microbusiness Site Use Permit.** In addition to the grounds stated in Section 16.108.030(B) for revocation of a use permit, a use permit for a microbusiness may be revoked on either of the following grounds in accordance with the procedure under Section 16.108.030(A).

- a. The microbusiness is operated in a manner that violates any of the provisions of State law or this code; or
- b. The microbusiness does not have a valid cannabis operator permit as required by Chapter 5.100.

11. **Transferability of Land-use** – Transferring an existing microbusiness operator from existing location to another location shall comply with the following requirements:

- a. Comply with the location requirements under subsection 16.80.195(A)(5).
- b. Voluntary surrender a previously-approved commission use permit at the original/existing location from the property owner. The form of “Surrender of Use” shall be notarized by a notary public; and
- c. Apply for and obtain a new commission use permit.
- d. Participation in the cannabis lottery is not required.
- e. Equity applicants will be required to comply with requirements in subsection 16.80.195(K)(5)(a)(vii) and (viii).

I. Prohibition of Certain Cannabis Businesses. The following cannabis businesses shall be prohibited in the City of Stockton:

- a. Any cannabis business engaging in the sale of medical or adult-use cannabis or cannabis products at a location other than that permitted through cannabis operators permit.

J. Prohibition of Outdoor Personal Cannabis Cultivation.

1. Cannabis cultivation for personal use must be located inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence that is fully enclosed and secure.
2. All cannabis cultivation for personal use within a private residence must be conducted in a manner that prevents cannabis plants from being visible from any street, sidewalk, or other place freely accessible by the public and prevents the odor of cannabis from permeating beyond the boundaries of the parcel or property where the indoor cultivation is occurring.

K. Limited Cannabis Business Expansion Process—Equity Program.

1. **Program Intent.** The goal of the equity program is to promote equitable business ownership opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities and address the disproportionate impacts of cannabis in adversely-impacted and lower income communities.
2. The City's equity program shall aid those persons from economically disadvantaged communities that experience high rates of poverty.
3. To qualify to be an equity applicant, greater than 50 percent of the ownership, as determined by equity sharing, for the permit must be:
 - a. A resident of Stockton for five (5) years); AND
 - b. Either live in the SB 535 disadvantaged area or Kelly Drive neighborhood as defined by the City Council, or demonstrate low-income status;
4. On an annual basis, the City of Stockton shall allow for the following numbers of new permits for cannabis businesses:
 - a. Two (2) retailer storefront commission use permits.
 - b. Two (2) microbusiness commission use permits.

There are no annual limits (i.e. caps) on the following cannabis business types: Non-storefront retail (delivery only), Cultivator, Volatile Manufacturer, Non-Volatile Manufacturer, Distributor, and Testing Laboratory.

5. Permits shall be issued in the following manner:
 - a. **Lottery System.**
 - i. All applicants, equity and nonequity, shall annually submit an intent to apply via a City-approved Lottery Application form that provides the address that the applicant intends to use for the commission use permit application. The submitted address shall meet all City locational criteria and zoning requirements. All applications for the year will be due by a date determined and publicly advertised by the City.

ii. If the applicant wishes to be designated as an equity applicant, they must submit verification establishing that over 50 percent of the business owners, as determined by equity sharing, meet the requirements as listed. All applicants wishing to be designated as an equity applicant must do so at the time of submitting an intent to apply for a permit.

iii. After closing the application process, the City will randomly select one (1) application from the general pool first for each of the following permit types: retail operator, and microbusiness. Then the City will randomly select one (1) application from the equity applicants for each of the following permit types: retail operator, and microbusiness. Equity applicants are placed in the general pool and the equity pool. Lottery winners are then eligible to submit a Conditional Use Permit application in accordance with SMC chapter 16.168.

(A) Selection as lottery winner entitles the applicant to one Commission Use Permit application submittal.

iv. All land-use applications are required to be submitted to the City within 90 days of the date of the notification of winning the cannabis commercial lottery. Nonsubmittal within the 90-day timeframe shall be grounds for revocation of lottery winner status.

v. Lottery winners must show continual good faith efforts to obtain their Commission Use Permit, per Development Code standards, or else communicate that they are no longer pursuing the Commission Use Permit and are withdrawing their lottery application.

vi. As per Sections iv and v above, if a lottery winner's status is revoked for non-submittal, or the applicant decides to withdraw their lottery application, or the Commission Use Permit is denied the City shall select at random from the lottery pool of applicants from which the denied or abandoned application was selected. Successfully completed lottery applications not initially selected from either the general or equity pool are considered active until December 31st of each year.

vii. **“Second Chance” Provision.** If a Commission Use Permit application was denied between the dates of March 31, 2021 and March 31, 2022, the applicant is entitled to one (1) additional (i.e. “second chance”) submittal subject to the following:

(A) The Commission Use Permit application shall be for the same Cannabis Business Type as originally proposed.

- (B) The additional submittal shall be deemed a new application and shall be processed in accordance with all Code requirements in effect at the time of submittal.
- (C) Submittals under this provision shall be accepted in accordance with SMC 16.80.195.A.3.

viii. All equity applicants must remain over 50% owner of the cannabis business at least five (5) years from the date of the operators permit approval.

(A) Equity Applicants may be allowed to sell their interest/business prior to the 5-year requirement if they encounter undue financial hardship. Qualifying undue financial hardship is as follows:

- (1) Equity Applicant's debt exceeds the amount earned monthly to run the business evidenced by a letter explaining the financial hardship and documentation of financial burden; or
- (2) Equity Applicant's debt exceeds the amount earned monthly to run the business due to circumstances beyond the Equity Applicant's control evidenced by a letter explaining the financial hardship and documentation of the hardship. Circumstances beyond the Equity Applicant's control including: injury, illness, natural disasters, death, divorce, and military deployment.

ix. **Annual Metrics.** All equity applicants shall annually report City-requested metrics for tracking purposes for a minimum of five (5) years from the date of the operators permit approval.

b. **Exemptions.** Cultivators, testing laboratory, non-storefront retailer, distributor, volatile manufacturer and non-volatile manufacturer permits shall not be subject to the lottery system as described in this title. There are no limitations on the number of land use permits allowed for said commercial cannabis business types.

6. Equity Applicants – Applicants who qualify as equity applicants, per the requirement set forth in 16.80.195(K)(3), regardless of cannabis business type are subject to the following additional resources, provided by the City, subject to availability of resources:

- a. Technical Assistance (i.e. entrepreneur seminars or courses, etc.)
- b. Financial Incentives (i.e. zero/low interest rate loans, or fee waiver)

Equity applicants that receive either of the resources listed in subsection 16.80.195.K.6 shall be required to comply with requirements in subsection 16.80.195.K.5.a.vii and viii.

L. **Administrative Guidelines.** In addition to rules and regulations that may be established by the City Council pursuant to Section 16.80.195 of this Code, the City Manager may establish and amend administrative guidelines as needed to administer this chapter. The administrative guidelines shall have the force of law and shall be enforceable in the same manner and to the same extent as the provisions of this chapter. The administrative guidelines referenced herein shall be one and the same as those referenced in Section 5.100.300 of this code.

SECTION VII: SEVERABILITY

If any of this ordinance or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given without the invalid provision or application, and to this end, the provisions of this act are severable.

SECTION VIII: EFFECTIVE DATE


The Ordinance shall take effect and be in full force thirty (30) days after its passage.

ADOPTED: March 1, 2022
EFFECTIVE: March 31, 2022



KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:



ELIZA R. GARZA, CMC
City Clerk of the City of Stockton

