

## Inyo County Commercial Cannabis License Program

**Overview:** Our Commercial Cannabis License program provides for regulated cannabis businesses within our county while still taking into account concerns within each of our local communities.

**Challenge:** Following the passage of Proposition 64, local governments throughout California had the ability to regulate commercial cannabis activities. Jurisdictions throughout the state responded in various ways, from outright moratoriums to allowing commercial cannabis activities with little to no local oversight.

**Solution:** Inyo County first sought guidance from constituents by placing advisory measures on the November 2016 ballot, asking if commercial cannabis activities should be allowed, and a tax measure in case the voters decided to authorize such commerce. The voters elected to authorize and tax that commerce, and Inyo County staff began a long and careful process of public outreach in order to create a licensing system taking into account the legitimate concerns of our residents. Inyo County's network of distinct communities with varying tolerances to commercial cannabis, spread throughout our vast geographic area, presented a complex challenge for drafting a holistic set of community-sensitive regulations that allow for a now-lawful industry to thrive within and lead from Inyo County.

Early information gathering was central to the success of this project. Public outreach meetings were held in each significant population center. Information was presented and specific questions were asked of community members, with some time set aside for attendees to discuss issues that weren't a part of the structured presentation. Follow-up meetings were conducted to present different potential regulatory scenarios and to gather more detailed information on certain issues.

It quickly became apparent that our communities had opinions spanning the spectrum; from those completely opposed to authorizing the commerce to those completely opposed to regulating the industry whatsoever. There was also a sharp divide from community to community with regard to what activities should be allowed, e.g. cultivation, retail, manufacturing, etc. There were differences of opinion from those that supported cultivation on how large cultivation sites should be. And there were differences of opinion from those that supported manufacturing on whether to allow volatile manufacturing or non-volatile manufacturing, or both.

**Innovation:** In order to tailor our regulatory structure to the different communities, we divided the county into licensing zones along supervisorial boundaries, with one zone having multiple subzones. Some zones had zero licenses allotted to them while other zones had allowances for small cannabis cultivation sites without odor buffer zones, since those communities wanted as much freedom as possible with commercial cultivation. Some zones allowed manufacture while others did not, and some that did allow

manufacturing were only allotted non-volatile manufacturing licenses since those communities were concerned only with volatile manufacturing impacts. The number of licenses was capped across each zone for the initial round of licensing, in order to allow for more information gathering as we learned from the process.

There is no other local jurisdiction that has created a regulatory system similar to that here in Inyo County. Certain aspects of the licensing were left simple and elegant, for example, most cultivation permits have no size restriction outside of meeting buffer zone requirements, and there is no distinction between artificial or natural lighting. Keeping things simple allows us to keep costs and confusion to a minimum and will simplify future enforcement. In addition to the business licensing system, we included a requirement to obtain a conditional use permit (CUP) to help ensure that those most likely to be affected by a commercial cannabis business can voice any comments or concerns. The CUP process also requires CEQA compliance, so all licensees with local authorization from Inyo County are CEQA compliant before submitting for a state license. Our licensing process is also competitive, with an emphasis placed on how a licensee intends to provide community benefits and mitigate citizen concerns.

**Results:** Inyo County implemented commercial cannabis regulations in late 2017 tailored to fit each of our communities by breaking the county into separate zones. One licensing period has elapsed since the regulations were adopted, with 25 licenses issued. Each of the public hearings associated with licensing had either no comment, or just a few comments in favor of those licenses being proposed. Since license allocation was based on public input and personalized to each community, there were no objections posed for any licensee, and further, licensees that were selected had to meet a minimum score in the competitive process and demonstrate how they would contribute back to the community and county. Staff resources expended in this process has been kept to a minimum, minimizing costs to both the county as well as industry.

The ability of the Board of Supervisors to change license allocation through amending our ordinance is also a success. We recently adjusted our license caps in order to prepare for our second round of licensing. This process was simple, allowed for public comment via a hearing, and allowed the county to adjust to the already changing opinions of commercial cannabis in each community.

**Replicability:** Other California counties, and specifically rural counties, could easily benefit from and replicate this project following the processes outlined above and using our already existing code.

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