



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:

Ken Stripling

DATE: May 28, 2019

SUBJECT: STATE LEGISLATION: ASSEMBLY BILL 1356

DEPARTMENT: City Manager's Office

PRESENTER: Masis Hagobian

RECOMMENDED ACTION

City Council adopt the City Council Legislative Committee recommendation to oppose Assembly Bill 1356 (Ting) and transmit position statements to Assembly Member Ting, Santa Clarita's state legislative delegation, appropriate legislative committees, Governor Newsom, and the League of California Cities.

BACKGROUND

The Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. Current state regulations on adult-use cannabis activities, including retail commercial cannabis activities, does not supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate or prohibit commercial cannabis businesses within that local jurisdiction. AUMA authorizes the Legislature to amend its provisions with a two-thirds vote of both houses to further its purposes and intent.

Proposition 64 (2016) needed a simple majority of over 50 percent to be approved and received 7,979,041 votes in favor of the measure, or 57.1 percent of total votes recorded statewide on the measure. According to the Los Angeles County Registrar-Recorder/County Clerk's office, the measure received approximately 52.5 percent of total votes recorded in the City of Santa Clarita, in favor of the measure.

The City of Santa Clarita (City), pursuant to subdivision 17.51.005 of the Santa Clarita Municipal Code, prohibits any commercial cannabis activity, including commercial cannabis facilities, in all zones in the City.

Assembly Bill 1356 requires a local jurisdiction in which more than 50 percent of the electorate voted in favor of Proposition 64 (2016) to issue a minimum number of local licenses that authorize adult-use cannabis commercial activity. The bill sets the minimum number of local licenses for retail cannabis commercial activity that a local jurisdiction is required to issue at 25 percent of the number of on-sale general license types for alcoholic beverage sales that are currently active in the jurisdiction. These on-sale general license types include restaurants, bars, breweries, clubs, and hotels that sell alcoholic beverages.

However, if the number of local licenses for retail commercial cannabis would result in a ratio greater than one local license for retail cannabis commercial activity for every 10,000 residents of the local jurisdiction, the minimum number of local licenses that the local jurisdiction is required to issue shall be determined by dividing the number of residents in the local jurisdiction by 10,000.

Based on the minimum requirement in this bill, the City would be required to issue a minimum of 23 retail commercial cannabis licenses. With that being said, this bill also includes a clause that allows a local jurisdiction the opportunity to establish a lower amount of local licenses for retail cannabis commercial activity through a vote of the local jurisdiction's electorate. The bill requires the local jurisdiction to create a local ordinance that clearly specifies the level of participation in the retail commercial cannabis market the local jurisdiction will allow, and then submit that ordinance to the electorate of that local jurisdiction at the next regularly scheduled local election. If the ordinance is approved by more than 50 percent of the electorate of that local jurisdiction voting on the issue, then the new ordinance shall become effective in that local jurisdiction.

In order to be enacted, AB 1356 requires a two-thirds vote of both houses of the Legislature. Assembly Bill 1356 fundamentally erodes the local regulatory authority of cities and counties, which is explicitly provided for in Proposition 64 (2016). In seeking to remove a local government's ability to either approve retail cannabis shops at a different concentration level or prohibit them within its jurisdiction, this bill completely subverts the intent of the voters who approved Proposition 64 (2016).

Additionally, the City of Santa Clarita 2019 Legislative Platform includes a component consistent with the recommendation to oppose this bill. Component 21 under the "State" section of the Legislative Platform advises that the City Council, "Oppose legislation that would interfere with, limit or eliminate the decision-making authority of municipalities in the area of local land use."

Assembly Bill 1356 was introduced on February 22, 2019, and passed the Assembly Committee on Business and Professions (12-7-1) on April 23, 2019. The bill passed the Assembly Committee on Appropriations (10-7-1) on May 16, 2019, and ordered to second reading.

The City Council Legislative Committee met on May 6, 2019, and recommends that the City Council adopt an "oppose" position on Assembly 1356.

ALTERNATIVE ACTION

1. Adopt a “neutral” position on Assembly Bill 1356
2. Adopt a “support” position on Assembly Bill 1356
3. Take no action on Assembly Bill 1356
4. Refer Assembly Bill 1356 back to the Legislative Committee
5. Other action, as determined by the City Council

FISCAL IMPACT

The resources required to implement the recommended action are contained within the City of Santa Clarita's adopted Fiscal Year 2018-19 budget.

ATTACHMENTS

Assembly Bill 1356 Bill Text