

ORDINANCE NUMBER O- **22122** (NEW SERIES)

DATE OF FINAL PASSAGE **JUL 14 2026**

AN ORDINANCE AMENDING CHAPTER 4, ARTICLE 2 OF THE SAN DIEGO MUNICIPAL CODE BY RETITLING DIVISION 15, AMENDING SECTIONS 42.1501 AND 42.1502, ADDING NEW SECTION 42.1503, RETITLING AND AMENDING SECTIONS 42.1504, 42.1506, 42.1507, 42.1508, AND 42.1509, AND ADDING NEW SECTIONS 42.1511, 42.1512, 42.1513, 42.1514, AND 42.1515; AND AMENDING CHAPTER 14, ARTICLE 1, DIVISION 10 BY AMENDING SECTION 141.1004, ALL RELATING TO REGULATION OF COMMERCIAL CANNABIS BUSINESSES.

RECITALS

The Council of the City of San Diego (Council) adopts this Ordinance based on the following:

A. Following voter approval of the Adult Use of Marijuana Act (Proposition 64) and the Non-Medical Cannabis Business Tax (Measure N) in November 2016, the City of San Diego (City) adopted a regulatory and tax framework for licensed cannabis businesses. San Diego Municipal Code (Municipal Code) sections 126.0303 and 141.0504 authorize and regulate commercial cannabis retail, production, and testing facilities through the issuance of Conditional Use Permits and zoning restrictions. Municipal Code sections 34.0104 and 34.0112 require licensed operators to obtain a business tax certificate and pay a Cannabis Business Tax.

B. The California Department of Cannabis Control (State) issues state cannabis licenses based on the type of cannabis activity the applicant performs. The State issues licenses for cannabis cultivation, distribution, and manufacturing; testing laboratories; event organizers; and retail cannabis establishments. There are two categories of State retail licenses: Type 9 for non-storefront retailers that sell cannabis products to customers through delivery only, and Type 10 for storefront retailers that sell cannabis products from a physical location.

C. Currently, the delivery of cannabis and cannabis products within the City is only locally permitted for storefront retailers with a valid Conditional Use Permit operating in the City under Type 10 licenses. State law allows licensed Type 9 retailers to make deliveries within the City, but there is currently no local permit requirement for delivery-only cannabis businesses.

D. Enforcement efforts have essentially eliminated unlicensed storefront cannabis retailers in the City. Unfortunately, these enforcement efforts have not been effective in shutting down unlicensed, illegal delivery services which have captured a growing share of the market. These non-complaint businesses divert business from their licensed competitors because they have lower overhead costs, do not pay taxes, and lack regulatory controls. Proactive enforcement efforts against illegal delivery services have proven difficult because these operators are mobile and based outside of the City's jurisdiction.

E. Several jurisdictions, including Los Angeles, Oakland, Ventura, and Long Beach, have implemented local delivery-only license categories to align with state regulations.

F. The proposed Municipal Code amendments would require a delivery-only, non-storefront cannabis retailer to obtain a business permit to do business in the City, without expanding where a cannabis business' physical operations may be in the City. Also, the proposed amendments strengthen available enforcement mechanisms for commercial cannabis operations and support the legal cannabis market.

G. The Office of the City Attorney prepared this Ordinance based on the information provided by City staff, including information provided by interested and affected third parties and verified by City staff, with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it ordained by the Council of the City of San Diego:

Section 1. Chapter 4, Article 2 of the San Diego Municipal Code is amended by retitling Division 15, amending sections 42.1501 and 42.1502, adding new section 42.1503, retitling and amending sections 42.1504, 42.1506, 42.1507, 42.1508, and 42.1509, and adding new sections 42.1511, 42.1512, 42.1513, 42.1514, and 42.1515, to read as follows:

Article 2: Health Regulated Businesses and Activities

**Division 15: Cannabis Outlets, Cannabis Production Facilities,
and Transportation and Delivery of Cannabis**

§42.1501 Purpose and Intent

It is the intent of this Division to promote and protect the public health, safety, and welfare of the citizens of San Diego by allowing but strictly regulating the retail sale of *cannabis* at *cannabis outlets*, the raising, harvesting, processing, wholesaling, distributing, storing, and producing of *cannabis* and *cannabis products* at *cannabis production facilities*, and the *delivery* of *cannabis* and *cannabis* products coming into the City from outside locations in accordance with state law. It is further the intent of this Division to ensure that *cannabis* is not diverted for illegal purposes, and to limit its use to those *persons* authorized under state law. Nothing in this Division is intended to authorize the cultivation, sale, distribution, possession of *cannabis*, or other transaction, in violation of state law. It is not the intent of this Division to supersede or conflict with state law, but to implement the Compassionate Use Act (California Health and Safety Code section 11362.5), the Medical Marijuana Program Act (California Health and Safety Code sections 11362.7-11362.83), the Medicinal and Adult-Use Cannabis Regulation and Safety Act, and the Adult Use of Marijuana Act.

§42.1502 Definitions

For the purpose of this Division, the following definitions shall apply and appear in italicized letters:

Accessory use has the same meaning as in San Diego Municipal Code section 113.0103.

Cannabis has the same meaning as in California Health and Safety Code section 11018, as may be amended.

Cannabis accessories have the same meaning as in California Health and Safety Code section 11018.2, as may be amended.

Cannabis delivery service means a state-licensed *retailer* located outside of the City that delivers *cannabis*, *cannabis products*, or *cannabis accessories* to retail customers inside the City's jurisdictional boundaries in accordance with applicable state and local requirements.

Cannabis outlet means a retail establishment operating with a Conditional Use Permit in accordance with San Diego Municipal Code section 141.0504, where *cannabis*, *cannabis products*, and *cannabis accessories* are sold to the public in accordance with dispensary or *retailer* licensing requirements contained in the California Business and Professions Code governing *cannabis* and medical *cannabis*. A *cannabis outlet* shall not include clinics licensed by the State of California under Chapters 1, 2, 3.01, 3.2, or 8 of Division 2 of the California Health and Safety Code.

Cannabis production facility means individual or combined uses, operating with a Conditional Use Permit in accordance with San Diego Municipal Code section 141.1004, engaged in the agricultural raising, harvesting, and processing

of *cannabis*; wholesale distribution and storage of *cannabis* and *cannabis products*; and production of goods from *cannabis* and *cannabis products* consistent with the requirements of state law and the California Departments of Food and Agriculture, Consumer Affairs, and Public Health regulations.

Cannabis products have the same meaning as in California Health and Safety Code section 11018.1, as may be amended.

Delivery has the same meaning as in California Business and Professions Code section 26001(s), as may be amended.

Employee means a worker who is directly employed by a dispensary, *retailer*, or *cannabis outlet* licensed by the State of California.

Non-permitted cannabis operation means a *cannabis outlet* or *cannabis production facility* operating without a valid permit issued under the San Diego Municipal Code, or a *cannabis delivery service* operating in the City without a *Cannabis Delivery Service Permit*.

Owner refers to a *person* holding at least a 20 percent ownership stake or equity interest in a *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility*, unless the interest is solely a security, lien, profit sharing, or encumbrance.

Person has the same meaning as in San Diego Municipal Code section 11.0210.

Primary caregiver [No change in text.]

Property owner has the same meaning as in San Diego Municipal Code section 11.0210.

Public nuisance has the same meaning as in San Diego Municipal Code section 11.0210.

Qualified patient [No change in text.]

Responsible person has the same meaning as in San Diego Municipal Code section 11.0210, and includes a corporate director or officer, manager or member-manager, partner, trustee, or sole proprietor of an entity or trust operating or owning a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility*, and *persons* responsible for the operation, management, direction, or policy of a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility*.

Retailer has the same meaning as in California Business and Professions Code section 26001(ay), as may be amended.

State identification card through *Violent felony* [No change in text.]

§42.1503 Existing Cannabis Outlets and Cannabis Production Facilities—Restrictions

- (a) A *cannabis outlet* shall operate in accordance with *retailer* licensing requirements contained in the California Business and Professions Code governing *cannabis* and medical *cannabis*.
 - (1) *Deliveries* from *cannabis outlets* located within the City are permitted as an *accessory use* to a valid Conditional Use Permit, unless *deliveries* are otherwise allowed under State law and are not required to obtain a *Cannabis Delivery Service Permit*.
 - (2) All *deliveries* of *cannabis*, *cannabis products*, or *cannabis accessories* from a *cannabis outlet* shall be performed by an *employee* unless otherwise allowed under state law.

- (b) A *cannabis production facility* shall operate in accordance with the requirements of state law and the California Departments of Food and Agriculture, Consumer Affairs, and Public Health regulations regarding *cannabis*.

§42.1504 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Permit Required

- (a) It is unlawful for any *person* to own or operate a *cannabis outlet* without a *Cannabis Outlet Permit*, a *cannabis delivery service* without a *Cannabis Delivery Service Permit*, a *cannabis production facility* without a *Cannabis Production Facility Permit* issued under this Division, or any other type of *non-permitted cannabis operation*.
- (b) *Cannabis outlets, cannabis delivery services, and cannabis production facilities* shall designate one officer or manager to act as the *responsible person*. The *responsible person* shall complete and sign the permit application on behalf of the *cannabis outlet, cannabis delivery service, or cannabis production facility*.
- (c) The issuance of a *Cannabis Outlet Permit, Cannabis Delivery Service Permit, or Cannabis Production Facility Permit* does not relieve any *person* from the obligation to obtain any other permit, license, certificate, or other similar approval that may be required by the City, the County of San Diego, or state or federal law.
- (d) An applicant for a *Cannabis Outlet Permit* shall obtain a Conditional Use Permit as required by San Diego Municipal Code section 141.0504 and an applicant for a *Cannabis Production Facility Permit* shall obtain a

Conditional Use Permit as required by San Diego Municipal Code section 141.1004 before obtaining a permit under this Division.

- (e) An applicant for a *Cannabis Delivery Service* Permit shall file the following with the City Manager:
- (1) a copy of the applicant's state-issued *retailer* license;
 - (2) a copy of the applicant's City of San Diego Business Tax Certificate;
 - (3) the name and social security number of every *owner* with an interest in the application;
 - (4) the names, social security numbers, and contact information of every *responsible person* in the *cannabis delivery service*;
 - (5) the names, drivers' license numbers, and social security numbers of all *employees* who *deliver cannabis, cannabis accessories, or cannabis products*;
 - (6) proof that all *persons* who *deliver cannabis, cannabis accessories, or cannabis products* are directly employed by the *cannabis delivery service*; and
 - (7) a fee paid in an amount established by the City Manager, or designee, necessary to cover the costs of administering and enforcing the *Cannabis Delivery Service* Permit program. The fee is non-refundable and shall not be returned if the *Cannabis Delivery Service* Permit is denied or revoked.

- (f) Applications for *Cannabis Outlet Permits*, *Cannabis Delivery Service Permits*, and *Cannabis Production Facility Permits* shall be filed with the City Manager.
- (g) The City Manager shall act upon the applications within 30 calendar days, except that notice of an incomplete application shall be given to the applicant within five business days.
- (h) *Cannabis Outlet Permits*, *Cannabis Delivery Service Permits*, and *Cannabis Production Facility Permits* issued under this Division shall be valid for one year from the date of issuance.
- (i) The City Manager shall deny an application for a *Cannabis Outlet Permit*, *Cannabis Delivery Service Permit*, or a *Cannabis Production Facility Permit* if the applicant has had any permit issued under this Division revoked by the City Manager within the 12 months before the date of application.

§42.1506 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Cost Recovery Fees

Notwithstanding any other provision of the San Diego Municipal Code, the City may recover its costs in the form of a permit fee for the costs of permitting and regulating *cannabis outlets*, *cannabis delivery services*, and *cannabis production facilities*. The City Manager may establish fee tiers or differentiated fee amounts to reflect documented differences in the cost of permitting, inspecting, or regulating particular classes of applicants or operations.

§42.1507 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Background Checks and Reporting Convictions

- (a) Prior to acting as a *responsible person* in a *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility*, all *persons* shall undergo fingerprinting. The fingerprints shall be provided to and kept on file with the City.
- (b) The City shall conduct a background check of all *responsible persons*. Any *person* who has been convicted of a *violent felony* or a crime of moral turpitude within the past seven years before the date of the background check cannot act as a *responsible person* for a *cannabis outlet*, a *cannabis delivery service*, or a *cannabis production facility*.

A conviction is complete upon entry of judgment upon a finding of guilty, or upon entry of a plea of guilty, or upon entry of a plea of nolo contendere or “no contest,” regardless of the pendency of any appeal, or expungement under California Penal Code sections 1203.4, 1203.4a, or 1203.41.
- (c) It is unlawful for any *responsible person* to act as a *responsible person* for a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility* if they fail to provide their fingerprints to the City.
- (d) through (e) [No change in text.]

§42.1508 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Operational Requirements

- (a) The *responsible person* for a *cannabis outlet*, *cannabis delivery service*, and a *cannabis production facility* shall maintain and provide, upon request by the City, a current list of all *responsible persons*.

(b) Age Limitations

- (1) No *person* under the age of 21 is allowed at or in any *cannabis outlet* or *cannabis production facility* unless the *person* is a *qualified patient* or *state identification card* holder, and if under the age of 18, is accompanied by a parent, legal guardian, or a *primary caregiver* who is over the age of 18.
- (2) No *person* under the age of 21 shall be an *employee* of or act as a *responsible person* on behalf of a *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility*.

- (c) A *cannabis delivery service* shall provide with each *delivery* to a customer a notice of its *Cannabis Delivery Service* Permit number, the name under which the permit was obtained, and the contact information for the *responsible person*. The information shall be provided in at least 12-point font. The notice may be electronic and may be included in the customer's receipt or order confirmation. A copy of the *Cannabis Delivery Service* Permit shall be carried by all *delivery employees*.

§42.1509 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Regulatory Actions on Permit

- (a) In addition to any penalties and remedies provided by law, and any other bases for regulatory action provided by law, a *Cannabis Outlet* Permit, *Cannabis Delivery Service* Permit, and a *Cannabis Production Facility* Permit are subject to regulatory action for the following reasons:
 - (1) through (5) [No change in text.]
- (b) Regulatory action includes the following:

- (1) through (4) [No change in text.]
- (5) Suspension of the *Cannabis Outlet Permit, Cannabis Delivery Service Permit*, or the *Cannabis Production Facility Permit*; or
- (6) Revocation of the *Cannabis Outlet Permit, Cannabis Delivery Service Permit*, or the *Cannabis Production Facility Permit*.
- (c) Written notice of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) shall be provided to the individual identified as the *responsible person* pursuant to section 42.1504(b).
- (d) A request for an appeal hearing of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) may be made by the *responsible person*.
- (e) [No change in text.]
- (f) Upon receiving the request for a hearing, the City Manager shall set a hearing not more than 30 calendar days from the date of receipt of the request, unless a later date is agreed to by the City and the *responsible person* in writing.
- (g) The City Manager shall notify the *responsible person* of the date, time, and place of the hearing by means of registered or certified mail, or hand delivery.
- (h) [No change in text.]
- (i) The hearing officer may affirm, deny, or modify the regulatory action, and shall furnish the reason for the decision to the *responsible person* in writing within 30 calendar days of the conclusion of the hearing.

- (j) The regulatory action shall be suspended while an appeal is pending, or until the time for filing such an appeal has expired, except for regulatory action taken when the City Manager determines there is a need to take immediate action to protect the public from injury or harm or when the *Cannabis Outlet Permit*, *Cannabis Delivery Services Permit*, or the *Cannabis Production Facility Permit* was based on material misrepresentations in the application and the permit would not have been issued but for the material misrepresentations.

§42.1511 Non-permitted Cannabis Operations–Public Nuisance

A non-permitted cannabis operation is a public nuisance.

§42.1512 Non-permitted Cannabis Operations–Regulatory Actions

- (a) The City Manager shall designate one or more enforcement officials authorized to enforce the provisions of this Division.
- (b) The City Manager may promulgate reasonable administrative guidelines, rules, interpretations, and regulations to implement and enforce the provisions of this Division, including maintaining an online website by which the public can report or request investigations of potential violations.

§42.1513 Non-permitted Cannabis Operations–Property Owner and Responsible Person Liability

It is unlawful for a *property owner* or other *responsible person*, after receiving written notice from the City of a *public nuisance*, to fail to abate the *public nuisance* within 14 calendar days from the date of service of the notice, as described in San Diego Municipal Code section 11.0301.

§42.1514 Non-permitted Cannabis Operations—Additional Remedies

- (a) Notwithstanding the penalty amounts specified in San Diego Municipal Code section 12.0202, as part of a civil action filed to enforce San Diego Municipal Code section 42.1504(a), a court may assess a maximum civil penalty of \$20,000 per each day that a violation of San Diego Municipal Code section 42.1504(a) continues. In assessing the appropriate penalty, a court should consider the factors in San Diego Municipal Code section 12.0805(c). The civil penalty amount shall be updated annually based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics.
- (b) Notwithstanding the penalty amounts specified in San Diego Municipal Code section 12.0803(d), the maximum rate for the administrative assessment of civil penalties for violations of San Diego Municipal Code section 42.1504(a), shall not exceed \$20,000 per violation and the maximum amount of civil penalties shall not exceed \$500,000 per parcel, structure, or *cannabis delivery service* for each related series of violations. These amounts shall be updated annually based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics, and shall include an additional five percent administrative fee for associated cost recovery.
- (c) Consistent with the penalty amounts specified in San Diego Municipal Code section 12.0609(e), abatement penalties for violations of San Diego Municipal Code section 42.1504(a), the maximum rate shall not exceed \$10,000 per violation and the maximum amount of abatement penalties

shall not exceed \$500,000 per parcel or structure. These amounts shall be updated annually based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics, and shall include an additional five percent administrative fee for associated cost recovery.

- (d) The *owners* and *responsible persons* of any *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility* determined to be in violation of San Diego Municipal Code section 42.1504(a) are ineligible to obtain any permit under this Division for any *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility* for which one or more of them is an *owner*, operator, or *responsible person* for one year after the final judicial or administrative determination of the violation.

§42.1515 Cannabis Outlets, Cannabis Delivery Services, Cannabis Production Facilities—Private Right of Action

- (a) In addition to other remedies permitted by law, a *cannabis outlet*, *cannabis delivery service*, *cannabis production facility*, or any labor organization that represents an *employee* in the *cannabis* industry in the City, may bring a civil action in superior court against any *person* or entity engaging in *non-permitted cannabis operations* within the City.
- (b) In an action under section 42.1515(a), the court may enter an order enjoining the defendant from engaging in *non-permitted cannabis operations* within the City.

- (c) A prevailing plaintiff who brings a civil action under section 42.1515(a) shall be awarded civil penalties in the amounts described in San Diego Municipal Code section 42.1514, and reasonable attorneys' fees and costs.
- (d) Civil penalties recovered under section 42.1515(c) shall be distributed as follows: 65 percent to the City for enforcement of *cannabis* regulations and 35 percent to the *person* bringing the civil action under section 42.1515(a).

Section 2. Chapter 14, Article, 1, Division 10 of the San Diego Municipal Code is amended by amending Section 141.1004, to read as follows:

§141.1004 Cannabis Production Facilities

A *cannabis production facility* may be permitted with a Conditional Use Permit decided in accordance with Process Three in the zones indicated with a "C" in the Use Regulations Tables in Chapter 13, Article 1 (Base Zones), provided that no more than 40 *cannabis production facilities* are permitted in the City of San Diego. *Cannabis production facilities* are subject to the following regulations.

(a) through (h) [No change in text.]

- (i) The sale of *cannabis* and *cannabis products* in the City shall only be conducted by a *cannabis outlet* in accordance with San Diego Municipal Code section 141.0504 or by a *cannabis delivery service* located outside of the City that delivers *cannabis*, *cannabis products*, or *cannabis accessories* to retail customers inside the City's jurisdiction in accordance with San Diego Municipal Code section 42.1503. A *cannabis production*

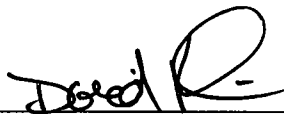
facility is prohibited from providing *cannabis* and *cannabis products* to any person other than another *cannabis production facility*, a testing lab, or a *cannabis outlet*.

(j) through (k) [No change in text.]

Section 3. The Council dispenses with a full reading of this Ordinance before its passage because a written copy of this Ordinance was made available to the Council and the public before the date of its passage.

Section 4. This Ordinance shall take effect and be in force on the thirtieth day from and after its final passage, except that the provisions of this Ordinance inside the Coastal Overlay Zone, which are subject to California Coastal Commission jurisdiction as a City of San Diego Local Coastal Program amendment, shall not take effect until the date the California Coastal Commission unconditionally certifies those provisions as a local coastal program amendment.

APPROVED: HEATHER FERBERT, City Attorney

By 
David J. Karlin
Senior Deputy City Attorney

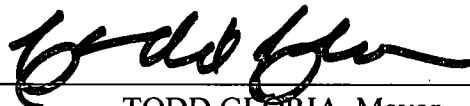
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June 9, 2026
June 16, 2026 COR. COPY
Or.Dept: Council District 7
Doc. No. 4462891

I certify that the Council of the City of San Diego adopted this Ordinance at a meeting held on
JUL 07 2026.

DIANA J.S. FUENTES
City Clerk

By 
Deputy City Clerk

Approved: 7/14/26
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

STRIKEOUT ORDINANCE

OLD LANGUAGE: ~~Struck-Out~~

NEW LANGUAGE: Double Underline

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

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authorized under state law. Nothing in this Division is intended to authorize the cultivation, sale, distribution, possession of *cannabis*, or other transaction, in violation of state law.

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~~California Health and Safety Code sections 11018, 11018.1, and 11018.2,~~
~~respectively,~~ are sold to the public in accordance with dispensary or ~~retailer~~
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Professions Code ~~sections governing cannabis and medical cannabis.~~ A *cannabis*
outlet shall not include clinics licensed by the State of California ~~pursuant to~~
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of *cannabis*; wholesale distribution and storage of *cannabis* and *cannabis*
~~products~~ products; and production of goods from *cannabis* and *cannabis* ~~products~~
products consistent with the requirements of ~~State of California Statutes~~ state law
and the California Departments of Food and Agriculture, Consumer Affairs, and
Public Health regulations.

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Code section 11018.1, as may be amended.

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Employee means a worker who is directly employed by a dispensary, *retailer*, or
cannabis outlet licensed by the State of California.

Non-permitted cannabis operation means a cannabis outlet or cannabis production facility operating without a valid permit issued under the San Diego Municipal Code, or a cannabis delivery service operating in the City without a Cannabis Delivery Service Permit.

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Person has the same meaning as in San Diego Municipal Code section 11.0210.

Primary caregiver [No change in text.]

Property owner has the same meaning as in San Diego Municipal Code section 11.0210.

Public nuisance has the same meaning as in San Diego Municipal Code section 11.0210.

Qualified patient [No change in text.]

Responsible person has the same meaning as in San Diego Municipal Code section 11.0210, and includes a corporate director or officer, manager or member-manager, partner, trustee, or sole proprietor of an entity or trust operating or owning a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility*, and ~~persons~~ persons responsible for the operation, management, direction, or policy of a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility*.

Retailer has the same meaning as in California Business and Professions Code section 26001(ay), as may be amended.

State identification card through Violent felony [No change in text.]

§42.1503 **Existing Cannabis Outlets and Cannabis Production Facilities–Restrictions**

- (a) A cannabis outlet shall operate in accordance with *retailer* licensing requirements contained in the California Business and Professions Code governing *cannabis* and medical *cannabis*.
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- (2) All *deliveries* of *cannabis*, *cannabis products*, or *cannabis accessories* from a *cannabis outlet* shall be performed by an *employee* unless otherwise allowed under state law.
- (b) A *cannabis production facility* shall operate in accordance with the requirements of state law and the California Departments of Food and Agriculture, Consumer Affairs, and Public Health regulations regarding *cannabis*.

§42.1504 **Cannabis Outlets, *Cannabis Delivery Services*, and Cannabis Production Facilities–Permit Required**

- (a) It is unlawful for any ~~person~~ person to own or operate ~~any~~ a *cannabis outlet* without a *Cannabis Outlet* Permit ~~or, a *cannabis delivery service* without a *Cannabis Delivery Service* Permit,~~ a *cannabis production facility* without a *Cannabis Production Facility* Permit issued ~~pursuant to~~ under this Division, or any other type of *non-permitted cannabis operation*.

- (b) *Cannabis outlets, cannabis delivery services, and cannabis production facilities* shall designate one officer or manager to act as a ~~responsible managing officer~~ the responsible person. The ~~responsible managing officer~~ may responsible person shall complete and sign the permit application on behalf of the *cannabis outlet, cannabis delivery service, or a cannabis production facility*.
- (c) The issuance of a *Cannabis Outlet Permit, Cannabis Delivery Service Permit, or Cannabis Production Facility Permit* pursuant to this Division does not relieve any ~~person~~ person from the obligation to obtain any other permit, license, certificate, or other similar approval that may be required by the City, the County of San Diego, or state or federal law.
- (d) ~~A permit~~ An applicant must for a Cannabis Outlet Permit shall obtain a Conditional Use Permit as required by ~~sections~~ San Diego Municipal Code section 141.0504 and an applicant for a Cannabis Production Facility Permit shall obtain a Conditional Use Permit as required by San Diego Municipal Code section 141.1004 ~~prior to~~ before obtaining a permit under this Division.
- (e) An applicant for a Cannabis Delivery Service Permit shall file the following with the City Manager:
- (1) a copy of the applicant's state-issued *retailer* license;
 - (2) a copy of the applicant's City of San Diego Business Tax Certificate;
 - (3) the name and social security number of every owner with an interest in the application;

- (4) the names, social security numbers, and contact information of every responsible person in the cannabis delivery service;
 - (5) the names, drivers' license numbers, and social security numbers of all employees who deliver cannabis, cannabis accessories, or cannabis products;
 - (6) proof that all persons who deliver cannabis, cannabis accessories, or cannabis products are directly employed by the cannabis delivery service; and
 - (7) a fee paid in an amount established by the City Manager, or designee, necessary to cover the costs of administering and enforcing the Cannabis Delivery Service Permit program. The fee is non-refundable and shall not be returned if the Cannabis Delivery Service Permit is denied or revoked.
- (e)(f) Applications for Cannabis Outlet Permits, Cannabis Delivery Service Permits, and Cannabis Production Facility Permits shall be filed with the City Manager.
- (f)(g) The City Manager shall act upon the applications within ~~thirty~~ 30 calendar days, except that notice of an incomplete application shall be given to the applicant within five business days.
- (g)(h) Cannabis Outlet Permits, Cannabis Delivery Service Permits, and Cannabis Production Facility Permits issued ~~pursuant to~~ under this Division shall be valid for one year from the date of issuance.

~~(h)(i)~~ ~~An~~ The City Manager shall deny an application for a Cannabis Outlet Permit, Cannabis Delivery Service Permit, or a Cannabis Production Facility Permit ~~shall be denied~~ if the applicant has had any permit issued pursuant to under this Division revoked by the City Manager within the ~~twelve~~ 12 months ~~preceding before~~ the date of application.

§42.1506 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Cost Recovery Fees

Notwithstanding any other provision of ~~this~~ the San Diego Municipal Code, the City may recover its costs in the form of a permit fee for the costs of permitting and regulating *cannabis outlets*, cannabis delivery services, and *cannabis production facilities*. The City Manager may establish fee tiers or differentiated fee amounts to reflect documented differences in the cost of permitting, inspecting, or regulating particular classes of applicants or operations.

§42.1507 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Background Checks and Reporting Convictions

- (a) Prior to acting as a *responsible person* in a *cannabis outlet*, cannabis delivery service, or *cannabis production facility*, all ~~persons~~ persons shall undergo fingerprinting. The fingerprints shall be provided to and kept on file with the City.
- (b) The City shall conduct a background check of all *responsible persons*. Any ~~person~~ person who has been convicted of a *violent felony* or a crime of moral turpitude within the past seven years before the date of the background check cannot act as a *responsible person* for a *cannabis outlet*, a cannabis delivery service, or a *cannabis production facility*.

A conviction is complete upon entry of judgment upon a finding of guilty, or upon entry of a plea of guilty, or upon entry of a plea of nolo contendere or “no contest,” regardless of the pendency of any appeal, or expungement ~~pursuant to~~ under California Penal Code sections 1203.4, 1203.4a, or 1203.41.

- (c) It is unlawful for any *responsible person* to act as a *responsible person* for a *cannabis outlet*, *cannabis delivery service*, or a *cannabis production facility* if ~~he or she fails~~ they fail to provide their fingerprints to the City.

(d) through (e) [No change in text.]

§42.1508 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Operational Requirements

- (a) The *responsible person* for a *cannabis outlet*, *cannabis delivery service*, and a *cannabis production facility* shall maintain and provide, upon request by the City, a current list of all *responsible persons*.
- (b) Age Limitations
- (1) No ~~person~~ person under the age of 21 is allowed at or in any *cannabis outlet* or *cannabis production facility* unless the ~~person~~ person is a *qualified patient* or *state identification card* holder, and if under the age of 18, is accompanied by a parent, legal guardian, or a *primary caregiver* who is over the age of 18.
- (2) No ~~persons~~ person under the age of 21 ~~may be employed by~~ shall be an employee of or act as a *responsible person* on behalf of a *cannabis outlet*, *cannabis delivery service*, or *cannabis production facility*.

- (c) A cannabis delivery service shall provide with each delivery to a customer a notice of its Cannabis Delivery Service Permit number, the name under which the permit was obtained, and the contact information for the responsible person. The information shall be provided in at least 12-point font. The notice may be electronic and may be included in the customer's receipt or order confirmation. A copy of the Cannabis Delivery Service Permit shall be carried by all delivery employees.

§42.1509 Cannabis Outlets, Cannabis Delivery Services, and Cannabis Production Facilities—Regulatory Actions on Permit

- (a) In addition to any penalties and remedies provided by law, and any other bases for regulatory action provided by law, a Cannabis Outlet Permit, Cannabis Delivery Service Permit, and a Cannabis Production Facility Permit are subject to regulatory ~~actions~~ action for the following reasons:
- (1) through (5) [No change in text.]
- (b) Regulatory action includes the following:
- (1) through (4) [No change in text.]
- (5) Suspension of the Cannabis Outlet Permit, Cannabis Delivery Service Permit, or the Cannabis Production Facility Permit; or
- (6) Revocation of the Cannabis Outlet Permit, Cannabis Delivery Service Permit, or the Cannabis Production Facility Permit.
- (c) Written notice of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) shall be provided to the individual identified as the ~~responsible managing officer~~ responsible person pursuant to section 42.1504(b).

- (d) A request for an appeal hearing of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) may be made by the ~~responsible managing officer~~ responsible person.
- (e) [No change in text.]
- (f) Upon receiving the request for a hearing, the City Manager shall set a hearing not more than ~~thirty~~ 30 calendar days from the date of the receipt of the request, unless a later date is agreed to by the City and the ~~responsible managing officer~~ responsible person in writing.
- (g) The City Manager shall notify the ~~responsible managing officer~~ responsible person of the date, time, and place of the hearing by means of registered or certified mail, or hand delivery.
- (h) [No change in text.]
- (i) The hearing officer may affirm, deny, or modify the regulatory action, and shall furnish the reason for the decision to the ~~responsible managing officer~~ responsible person in writing within ~~thirty~~ 30 calendar days of the conclusion of the hearing.
- (j) The regulatory action shall be suspended while an appeal is pending, or until the time for filing such an appeal has expired, except for regulatory action taken when the City Manager determines there is a need to take immediate action to protect the public from injury or harm or when the *Cannabis Outlet Permit*, *Cannabis Delivery Services Permit*, or the *Cannabis Production Facility Permit* was based on material misrepresentations in the application and the permit would not have been issued but for the material misrepresentations.

§42.1511 **Non-permitted Cannabis Operations–Public Nuisance**

A non-permitted cannabis operation is a public nuisance.

§42.1512 **Non-permitted Cannabis Operations–Regulatory Actions**

- (a) The City Manager shall designate one or more enforcement officials authorized to enforce the provisions of this Division.
- (b) The City Manager may promulgate reasonable administrative guidelines, rules, interpretations, and regulations to implement and enforce the provisions of this Division, including maintaining an online website by which the public can report or request investigations of potential violations.

§42.1513 **Non-permitted Cannabis Operations–Property Owner and Responsible Person Liability**

It is unlawful for a property owner or other responsible person, after receiving written notice from the City of a public nuisance, to fail to abate the public nuisance within 14 calendar days from the date of service of the notice, as described in San Diego Municipal Code section 11.0301.

§42.1514 **Non-permitted Cannabis Operations–Additional Remedies**

- (a) Notwithstanding the penalty amounts specified in San Diego Municipal Code section 12.0202, as part of a civil action filed to enforce San Diego Municipal Code section 42.1504(a), a court may assess a maximum civil penalty of \$20,000 per each day that a violation of San Diego Municipal Code section 42.1504(a) continues. In assessing the appropriate penalty, a court should consider the factors in San Diego Municipal Code section 12.0805(c). The civil penalty amount shall be updated annually

based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics.

- (b) Notwithstanding the penalty amounts specified in San Diego Municipal Code section 12.0803(d), the maximum rate for the administrative assessment of civil penalties for violations of San Diego Municipal Code section 42.1504(a), shall not exceed \$20,000 per violation and the maximum amount of civil penalties shall not exceed \$500,000 per parcel, structure, or *cannabis delivery service* for each related series of violations. These amounts shall be updated annually based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics, and shall include an additional five percent administrative fee for associated cost recovery.
- (c) Consistent with the penalty amounts specified in San Diego Municipal Code section 12.0609(e), abatement penalties for violations of San Diego Municipal Code section 42.1504(a), the maximum rate shall not exceed \$10,000 per violation and the maximum amount of abatement penalties shall not exceed \$500,000 per parcel or structure. These amounts shall be updated annually based on the Consumer Price Index for All Urban Consumers, for the San Diego area, published by the Bureau of Labor Statistics, and shall include an additional five percent administrative fee for associated cost recovery.
- (d) The owners and *responsible persons* of any *cannabis outlet, cannabis delivery service, or cannabis production facility* determined to be in violation of San Diego Municipal Code section 42.1504(a) are ineligible

to obtain any permit under this Division for any *cannabis outlet, cannabis delivery service, or cannabis production facility* for which one or more of them is an *owner, operator, or responsible person* for one year after the final judicial or administrative determination of the violation.

§42.1515 Cannabis Outlets, Cannabis Delivery Services, Cannabis Production Facilities—Private Right of Action

- (a) In addition to other remedies permitted by law, a *cannabis outlet, cannabis delivery service, cannabis production facility, or any labor organization that represents an employee in the cannabis industry in the City, may bring a civil action in superior court against any person or entity engaging in non-permitted cannabis operations within the City.*
- (b) In an action under section 42.1515(a), the court may enter an order enjoining the defendant from engaging in *non-permitted cannabis operations within the City.*
- (c) A prevailing plaintiff who brings a civil action under section 42.1515(a) shall be awarded civil penalties in the amounts described in San Diego Municipal Code section 42.1514, and reasonable attorneys' fees and costs.
- (d) Civil penalties recovered under section 42.1515(c) shall be distributed as follows: 65 percent to the City for enforcement of *cannabis regulations* and 35 percent to the *person bringing the civil action under section 42.1515(a).*

§141.1004 Cannabis Production Facilities

A *cannabis production facility* may be permitted with a Conditional Use Permit decided in accordance with Process Three in the zones indicated with a "C" in the

Use Regulations Tables in Chapter 13, Article 1 (Base Zones), provided that no more than 40 *cannabis production facilities* are permitted in the City of San Diego. *Cannabis production facilities* are subject to the following regulations.

(a) through (h) [No change in text.]

- (i) The sale of *cannabis* and ~~*cannabis products*~~ *products in the City* shall only be conducted by a *cannabis outlet* in accordance with ~~Section~~ San Diego Municipal Code section 141.0504 or by a *cannabis delivery service* located outside of the City that delivers *cannabis, cannabis products, or cannabis accessories* to retail customers inside the City's jurisdiction in accordance with San Diego Municipal Code section 42.1503. A *cannabis production facility* is prohibited from providing *cannabis* and *cannabis* ~~*products*~~ *products* to any person other than another *cannabis production facility*, a testing lab, or a *cannabis outlet*.

(j) through (k) [No change in text.]

DJK:cm
October 22, 2024
June 16, 2026 COR. COPY
Or.Dept: Council District 7
Doc. No. 4462892

Passed by the Council of The City of San Diego on July 7, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage JUL 14 2026.

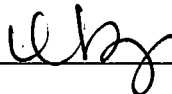
(Please note: When an ordinance is approved by the Mayor, the date of final passage is the date the approved ordinance was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By , Deputy

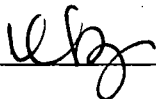
I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUN 22 2026, and on JUL 14 2026.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Ordinance Number **O-22122**