

INFORMATION  
BULLETIN

170

May 2023

## Cannabis Businesses

This Information Bulletin describes the Municipal Code sections, required permits, and operational considerations for all types of cannabis businesses in the City of San Diego. It consolidates previous Information Bulletins 170 and 171. Please contact the Cannabis Business Division at [DSDCannabis@sandiego.gov](mailto:DSDCannabis@sandiego.gov) with any questions.

### I. Types of Cannabis Business Allowed and Permits Required

A. **Cannabis Outlets (COs)** – Retail establishments selling cannabis pursuant to [SDMC 141.0504](#) (see [SDMC 42.1502](#) for the complete definition).

1. CO Restrictions:

- Maximum of four (4)\* COs allowed with a Conditional Use Permit (CUP) in specific zones in each of the nine (9) City Council districts per SDMC 141.0504. Use the City's [Cannabis Mapping Tool](#) to find your address, see if your zone allows a CO, and to determine if there are CUPs available. \*Existing COs that changed districts as a result of City Council redistricting are allowed to remain in certain circumstances, which may result in more than four existing in a district.
- Outlets may not be located within 1,000 feet of: other Cannabis Outlets; resource and population-based City parks; churches; childcare centers; playgrounds; City libraries; minor-oriented facilities; residential care facilities; or schools. The [Cannabis Mapping Tool](#) shows all of the uses the City is currently aware of, including 1,000-foot buffers. However, there may be sensitive uses not captured by the map and it is ultimately the applicant's responsibility to demonstrate compliance with the requirements.
- Outlets may not be located within 100 feet of residential zones.
- SDMC 141.0504 outlines several additional requirements, including hours of operation, security, lighting, signage, site conditions, and more.

2. CO Permits : All COs require a Conditional Use Permit (CUP) (see Section II). Additional permits may be required due to site-specific considerations or project characteristics (Coastal Zone, environmentally sensitive lands, etc.). Cannabis Outlets CUPs are issued to the property for five-year terms and must be amended for an additional five years.

B. **Cannabis Production Facilities (CPFs)** – Non-retail establishments that produce, manufacture, store, transport, or cultivate cannabis or cannabis products wholesale (not for direct sales to customers) pursuant to [SDMC 141.1004](#) (see [SDMC 42.1502](#) for the complete definition).

1. CPF Restrictions:

- Maximum of 40 CPFs allowed City-wide with a Conditional Use Permit (CUP) in certain zones per SDMC 141.1004. Use the City's [Cannabis Mapping Tool](#) to find your address and see if your zone allows a CPF.
- CPFs may not be located within 1,000 feet of: resource and population-based City parks; churches; childcare centers; playgrounds; City libraries; minor-oriented facilities; residential care facilities; or schools. The [Cannabis Mapping Tool](#) shows all of these uses that the City is currently aware of, including 1,000-foot buffers. However, there may be sensitive uses not captured by the map. It is ultimately the applicant's responsibility to demonstrate compliance.
- CPFs may not be located within 100 feet of residential zones.

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- SDMC 141.1004 outlines several additional requirements, including a prohibition on outdoor operations (including greenhouses), security, lighting, signage, site conditions, and more.
- 2. CPF Permits : All CPFs require a CUP (see Section II). Additional permits may be required due to site-specific considerations or project characteristics (Coastal Zone, environmentally sensitive lands, etc.). CPF CUPs are issued for five-year terms to the property and must be amended for an additional five years.
- C. **Laboratory Testing**– Testing-only labs that are not a part of a CO or CPF do not require a CUP. They are allowed by right in any zone that allows laboratory uses. Improvements to a laboratory tenant space may still require a Building Permit, and businesses must meet all other applicable requirements of the Municipal Code (Business Tax Certificate, zoning compliance, etc.).
- D. **Delivery from within the City of San Diego** – Deliveries that begin within the City of San Diego are only allowed from a permitted CO and must be performed by an employee of that CO. “Delivery only” businesses are not allowed.
- E. **Delivery from outside the City of San Diego** – Deliveries that begin outside the City of San Diego are allowed pursuant to state law, provided that any such business obtains a City of San Diego Business Tax Certificate and pays all applicable taxes on sales within the City’s jurisdictional boundaries.
- F. **Other Cannabis businesses are not allowed** – Businesses that do not fit in Categories A-E above are generally not allowed in the City of San Diego. Prohibited cannabis businesses include (but are not limited to):
  1. Cannabis Consumption lounges
  2. Delivery-only Cannabis businesses within the City that are not associated with a permitted CO
  3. Third-party Cannabis delivery – Delivery, even from a permitted CO, must be performed by an employee of that CO.

## II. Permit Requirements

**Conditional Use Permit** – All applications for new COs and CPFs, and all permit amendments, require this discretionary permit application. The application shall, at a minimum, meet the submittal requirements for a Conditional Use Permit, and may require additional information based on the project location or scope. The Development Services Department will not accept discretionary applications unless the application package satisfies all of the City’s minimum project submittal requirements for a Conditional Use Permit (see [Project Submittal Manual, Section 4](#)) and this Information Bulletin 170.

The Project Submittal Manual’s Submittal Matrix and Minimum Submittal Requirements Checklist identify the forms, documents, plans, and fees that are required. In addition to all applicable requirements of the Submittal Manual, new cannabis CUPs also require the following, which are not required for CUP amendments unless expanding the premises to a new parcel:

1. **Information on Sensitive Uses within 100/1000 feet:** Per SDMC 141.0504 and/or SDMC 141.1004, provide an Assessor’s Parcel Map outlining both a 100-foot and a 1,000-foot radius from the property. Include a spreadsheet identifying two separate tables for each required separation:
  - 100 feet per SDMC 141.0504(a)(2) for COs and 141.1004(a)(2) for CPFs
  - 1,000 feet per SDMC 141.0504(a)(1) for COs and 141.1004(a)(1) for CPFs

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Each table should identify the use, address, parcel number, and business name (if applicable) for all identified properties. Maps and spreadsheet must all be merged into one file and uploaded to Accela with the Title “Medical Marijuana Radius Map-Spreadsheet”.

## 2. Affidavit for Cannabis Outlet/Facility for CUP ([DS-190](#)).

Discretionary projects may or may not require a hearing by Hearing Officer or Planning Commission depending on process level, (see [SDMC Chapter 11, Article 2, Division 5](#)) but they will all result in a written permit that applies to the property, not to the owner or lessee. This written permit is recorded at the County Recorder’s office and describes the project, what the permit allows, and contains permit conditions that must be met in order to utilize the permit.

**CUP Fees:** CUP applications and CUP amendment applications that propose project changes will require the standard fees and deposits per [Information Bulletin 503](#), and are processed like any other CUP application.

CUP amendments that propose no project changes (they are for an additional five years ONLY) are eligible for [a streamlined process](#) that is free of charge at the point of service. Applicants MUST first contact the Cannabis Business Division at [DSDCannabis@sandiego.gov](mailto:DSDCannabis@sandiego.gov) to coordinate this application. If you do not coordinate before applying, you will go through the standard process.

- G. **Construction Permits (Building Permits and Related Public Improvements)** – Required for approved discretionary projects that propose construction. See the Development Services [Permits and Approvals](#) page for more information on [Building Permits](#), [Grading Permits](#), [Right-of-Way Permits](#), [Sign Permits](#), and other construction permits.
- H. **Annual Operating Permit** –Chapter 4, Article 2, Division 15 of the SDMC outlines requirements for the continued operation of a CO or CPF in the City of San Diego. These include annual background checks and the associated granting of an annual Operating Permit to the business with the completion of a successful background check and payment of any associated fees. After the first annual permit, this review also includes confirmation of a state license, verification of any potential code or permit violations, and payment of any Cannabis Business Tax. See Section III.B for more information.

### III. Operational Requirements

After a business obtains all required permits (discretionary, ministerial and operating) , there are several operational requirements which must be addressed on an ongoing basis. Failure to maintain all of these requirements can lead to consequences including fines and permit revocation.

- A. **Discretionary Permit Compliance** – Any facility with a Conditional Use Permit is subject to the terms and conditions of that permit at all times. Failure to observe all permit terms and conditions can lead to penalties including (but not limited to) written warnings, fines, conditions being placed on annual Operating Permits, denial of annual Operating Permits, additional conditions being placed on CUP amendments, and revocation of Conditional Use Permit.
- B. **Annual Operating Permits and Required Background Checks** – [SDMC Chapter 4, Article 2, Division 15](#) requires the issuance of annual Operating Permits for cannabis businesses operating in the City of San Diego. These permits require annual background checks for all responsible persons (people responsible for the operation of the business) as defined in this division. This division also allows for a fee to recover the costs for administering and regulating cannabis businesses. This fee is currently set at **\$20,802.84** and is charged annually per Conditional Use Permit. Invoices are sent every June 1, with the fee due in full by July 1.

When a permittee is ready to begin the annual Operating Permit and background check process, contact [DSDCannabis@sandiego.gov](mailto:DSDCannabis@sandiego.gov) for forms and assistance. Background checks can take 4-6 weeks, so it is ideal to

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submit background check forms at least two months prior to the desired permit issuance date. Fingerprints are required with the first background check; these will then be kept on file for future background checks.

Prior to issuing an annual Operating Permit, Cannabis Business Division staff will confirm the following:

- Conditional Use Permit (CUP) status: The business must have a utilized CUP and be in compliance with all applicable permit conditions.
- Business must not have any code violations of any kind.
- Background check status: All persons that meet the definition of *responsible person* as defined by SDMC 42.1502 must pass a background check. Each business must have at least one eligible responsible person listed on all forms.
- Business must have a Business Tax Certificate, and any current fees and taxes must be paid (new businesses might not yet owe any taxes).
- Business must have a state license.
- Payment of most recent operating fee.

#### C. SDMC Chapter 3 Compliance

- [SDMC Chapter 3, Article 4, Division 1 \(Cannabis Business Tax\)](#) outlines the requirements for taxation on the retail and wholesale sales of cannabis and cannabis products in the City of San Diego. These taxes must be paid in addition to the general sales tax. Failure to remit these taxes in a timely manner can lead to penalties issued by the City Treasurer's office and can also lead to administrative action on an annual Operating Permit or Conditional Use Permit, up to and including revocation.

#### D. General SDMC Chapter 4 Compliance

- [SDMC Chapter 4, Article 3, Division 10 \(Regulations on Smoking and Use of Electronic Cigarettes\)](#) generally prohibits smoking or vaping, including smoking or vaping cannabis, in any place of business or enclosed public space (see in particular SDMC 43.1002). Businesses have a duty to inform and can be cited per SDMC 43.1007(b) for knowingly permitting patrons to violate these provisions.
- [SDMC Chapter 4, Article 2, Division 13 \(Cannabis Regulations\)](#) specifically prohibits smoking, vaping, and ingesting of cannabis or cannabis products in any public place or in any place open to the public (see SDMC 42.1303)

#### E. General Land Development Code Compliance – Cannabis businesses must follow the City's Land Development Code at all times for both cannabis and non-cannabis related issues.

#### F. State Requirements – Businesses must have a state license from the [Department of Cannabis Control](#) for all the activities related to an active business. Non-operational businesses, businesses that have been sold, or similar situations may be temporarily without a valid license. This is acceptable during the transition, but no business activity or sales may take place during the time there is no active license.

See the next page for helpful links.

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### Reference Table

- [Cannabis Business Division Website](#)
- [City of San Diego Cannabis Outlet Regulations](#) (see SDMC 141.0105)
- [City of San Diego Cannabis Production Facility Regulations](#) (see SDMC 141.1005)
- [City of San Diego Operating Permit and Background Check Regulations](#)
- [City of San Diego Cannabis Mapping Tool](#)
- [How to Apply for a Discretionary Permit](#) (Use to apply for a Conditional Use Permit)
- [Information Bulletin 503](#)
- [How to Apply for a Building Permit](#) (Use to apply for modifications to a building or tenant space)
- [How to Apply for a Right-of-Way Permit](#) (Use to apply for public improvements in the public right-of-way)
- [City Treasurer](#) (See here for information on Business Tax Certificates, the Cannabis Business Tax, and general sales tax)
- [State of California Department of Cannabis Control](#) (See here for information on state licensing and state law)

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