

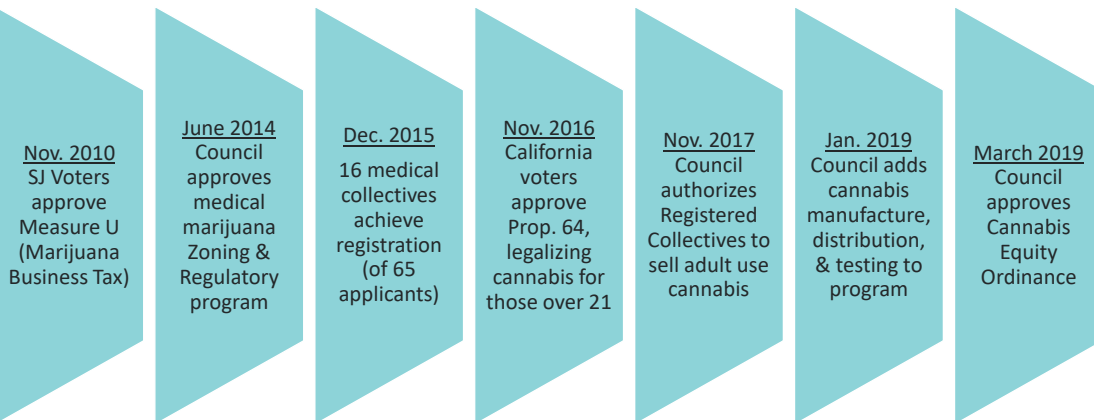


ADULT USE CANNABIS IN SAN JOSÉ

From the Wild Wild West to Regulation & Beyond

League of California Cities Annual Conference
October 18, 2019
Michelle McGurk, Assistant to the City Manager

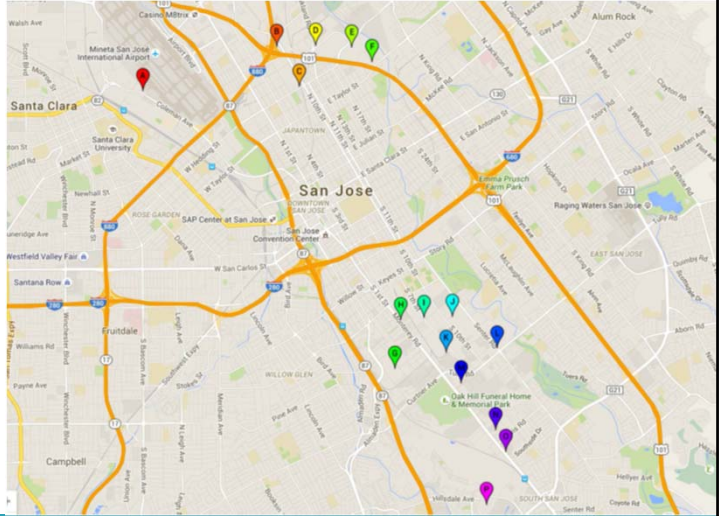
San José Cannabis Program Timeline



Current Program

16 Registered Dispensaries

- 1 retail location (open to public)
- Up to 2 cultivation/ manufacturing sites (not public)
- Annual City Registration required
- Annual State License required
- Delivery allowed



Program Expansion

3 new categories added in 2018. Currently, open for applications.

Manufacture



Distribution



Testing Labs



Cannabis Business Tax Revenues

Revenues		
2016-2017	2017-2018	2018-2019
\$10.5 million	\$13.0 million	\$14.0* million

Program Costs

- \$2.3 million
- 9 FTEs

2019-2020 Updated Tax Rates

Category	Cultivation	Manufacturing	Testing	Distribution	Retail / Delivery
Previous Rates	10%	10%	N/A	10%	10%
New Rates	4%	3%	0%	2%	10%

Current Workplan



Land Use

Evaluate current zoning program & recommend updates

Hot topics

- Delivery-only businesses
- Second retail locations
- Expanding the “green zone”
- Allowing private consumption events



Regulatory

Consider allowing sale of business components

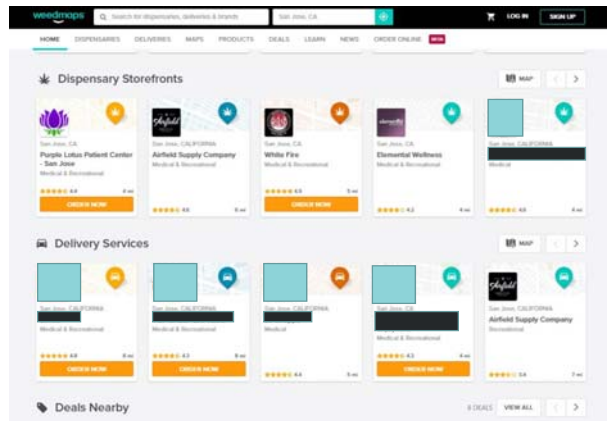
- Update cannabis waste & disposal policy
- Evaluate retail cannabis oversaturation & consider cap



Other

- Implement Cannabis Equity program
- Monitor retail tax rate

Challenges



- Unlicensed storefronts
- Unlicensed delivery businesses
- Lack of access to banking