

ARTICLE XX. CANNABIS PUBLIC BENEFIT FUND

Sec. 13-200. Establishment of the fund.

There is hereby established within the City of Santa Ana the "Cannabis Public Benefit Fund," which shall be two sub-funds, one for Enforcement Services and one for Youth Services, within the City's General Fund (the "Cannabis Fund").

(Ord. No. NS-2959 , § 1, 12-4-18)

Sec. 13-201. Purpose.

The Cannabis Fund shall be used to fund new or additional Youth Services, as of the date of the fund creation, for City of Santa Ana residents. The Cannabis Fund shall not be used to supplement existing Youth Services. The Cannabis Fund shall also be used to fund community enforcement and code enforcement.

(Ord. No. NS-2959 , § 1, 12-4-18)

Sec. 13-202. Definitions.

For the purposes of this Article, the following words and phrases shall be construed as having the following definitions:

Adult Use shall have the same meaning as that set forth in Santa Ana Municipal Code ("SAMC") section 40-2(2) as may be periodically amended. At the time of adoption of this Article, meaning cannabis or cannabis products that are intended to be used for non-medicinal purposes by a person twenty-one (21) years of age or older.

Commercial Cannabis Activity shall have the same meaning as that set forth in SAMC section 40-2(9) as may be periodically amended. At the time of adoption of this Article, meaning the cultivation, possession, manufacture, distribution, processing, storing, laboratory, packaging, labeling, transportation, delivery or sale of cannabis or cannabis products as provided for in this Chapter [Chapter 40]. Permitted commercial cannabis activities are listed in Land Use Table 40-5 of this Chapter [Chapter 40].

Enforcement Services any and all services provided by City staff for the prevention, detection, investigation and violations of the City's codes and ordinances intended to prevent public nuisances or activities that are detrimental to the health, safety and welfare of the community.

Medicinal/Medical Cannabis shall have the same meaning as that set forth in SAMC section 40-2(27) as may be periodically amended. At the time of adoption of this Article, meaning cannabis or a product containing cannabis, including, but not limited to, concentrates, and extractions, intended to be sold for use by medicinal cannabis patients in California pursuant to the Compassionate Use Act of 1996, found at Section 11362.5 of the California Health and Safety Code. Medical cannabis retail is regulated by Chapter 18 and Chapter 21 of the Santa Ana Municipal Code.

Operating Agreement shall have the same meaning as that set forth in SAMC section 40-1C as may be periodically amended. At the time of adoption of this Article, meaning a legally binding written agreement between each commercial cannabis business operator and the City, executed by the City Manager, or his or her designee, and in a form or substance satisfactory to the Executive Director of Planning and Building and the City Attorney, and containing those provisions necessary to ensure that the requirements of this article are satisfied. A distinct Commercial Cannabis Operating Agreement shall be required for each location and type of commercial cannabis business activity taking place at an approved Commercial Cannabis Business.

Youth Services means any and all services provided to residents of the City under the age of 24 for athletic, recreational, health, educational, or human services, directly by City staff or through partnerships with third parties. This may include City facility improvements, maintenance and equipment needs related to youth services.

(Ord. No. NS-2959 , § 1, 12-4-18)

Sec. 13-203. Cannabis revenue funding.

- A. ***Automatic Deposit of Cannabis Tax Revenues into the Cannabis Fund.*** The Cannabis Fund shall be funded by an automatic deposit of one-third ($\frac{1}{3}$) of all cannabis tax revenues generated each year for Enforcement Services and one-third ($\frac{1}{3}$) of all cannabis tax revenues generated each year for Youth Services, commencing with the Fiscal Year Budget for 2018-20 and continuing thereafter in the budget for each Fiscal Year, from all of the following: 1) Operating Agreements for Commercial Cannabis businesses and 2) Any newly adopted Cannabis Business License Tax. For purposes of this subsection, in addition to the descriptions provided directly above in this paragraph, the phrase "cannabis tax revenues" means all revenues generated from any new or increased cannabis tax which has been approved by the voters of the City on or after the effective date of this Chapter and any increase of the cannabis tax authorized by the Santa Ana Municipal Code and approved by the City Council. Tax revenue from Medicinal/Medical Cannabis shall not go into the Cannabis Fund. Funds in these sub-funds shall be carried over from year-to-year.
- B. ***Discretionary Deposits into Cannabis Fund Not Prohibited.*** Nothing in this Chapter shall prohibit the City Council, as part of the budgeting process, from contributing additional

revenues to the Cannabis Fund, as determined in the City Council's sound legislative discretion.

- C. **Expenditures from the Cannabis Fund.** Funds in the Cannabis Fund shall be restricted to 1) Youth Services: expenditures for new, additional or enhanced, as of the date the Cannabis Fund is created, Youth Services for City of Santa Ana residents and 2) Enforcement Services: expenditures for Enforcement Services.

(Ord. No. NS-2959 , § 1, 12-4-18)

Sec. 13-204. Presentation to city council.

At least two times per year the City Manager shall make a presentation to the City Council and report on the revenue that has been deposited in the Cannabis Fund and expenditures from the Cannabis Fund.

(Ord. No. NS-2959 , § 1, 12-4-18)

Sec. 13-205. Procedure for amending, suspending or rescinding ordinance.

This ordinance may only be amended, suspended or rescinded by an affirmative vote of at least two-thirds of the City Council after making findings that a structural deficit exists in the same manner as required to access the Economic Uncertainty Account as set forth in the City's Budget and Financial Policy.

(Ord. No. NS-2959 , § 1, 12-4-18)