



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 1/23/2018	(3) CONTACT/PHONE Jim Erb 788-2964 Jim Hamilton 781-5043	
(4) SUBJECT Submittal of a resolution to join the California Cannabis Authority Joint Powers Authority. All Districts.				
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Adopt the resolution to join the California Cannabis Authority; and 2. Direct staff to proceed with any necessary activities in order to implement a compliance program for local cannabis related businesses. 				
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No	
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)				
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A				
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>1/9/2018</u>		
(17) ADMINISTRATIVE OFFICE REVIEW Nikki J. Schmidt				
(18) SUPERVISOR DISTRICT(S) All Districts				



COUNTY OF SAN LUIS OBISPO

TO: Honorable Board of Supervisors

FROM: James P. Erb, CPA
Auditor - Controller - Treasurer - Tax Collector - Public Administrator

DATE: January 23, 2018

SUBJECT: Submittal of a resolution to join the California Cannabis Authority Joint Powers Authority. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Adopt the resolution to join the California Cannabis Authority; and
2. Direct staff to proceed with any necessary activities in order to implement a compliance program for local cannabis related businesses.

SUMMARY

On January 9, 2018 the County Board of Supervisors voted to move forward with membership in the California Cannabis Authority, a Joint Powers Authority. The California Cannabis Authority is created by agreement among counties and sponsored by the California State Association of Counties (CSAC). Governance of the California Cannabis Authority is defined in the Joint Exercise Of Powers Agreement in Article II.

BACKGROUND

The California Cannabis Authority ("CCA") is a Joint Powers Authority (JPA) created by agreement among counties. The CCA will collect and process data from the State and from member jurisdictions. Cities and other public entities will be allowed to participate in the JPA and access data but will not be part of its governance structure. The CCA will be funded by a fee, calculated for each entity, and dependent upon the total sales within the jurisdiction. This amount will be commensurate with the amount of data generated, and therefore equitable to each member jurisdiction's costs to the JPA.

The CCA will have the ability to collect data from cultivation sites, point of sale, as well as taxation and socioeconomic data. By combining these data points, member jurisdictions will be provided with actionable data that can assist with enforcement, audits, and with revenue forecasts.

The data provided by the CCA will also be useful for compliance efforts anticipated to be managed through Code Enforcement and the Sheriff. Much of the data is anticipated to be "real time", so that participating agencies will have up to date information available when making enforcement decisions.

In addition to the cannabis and finance tracking aspects of the CCA, the CCA is also intended to help solve another industry problem: Banking. Because of the existing federally prohibited status of cannabis, most banking institutions (chartered at the federal level) are unable or unwilling to open accounts for operators in the cannabis industry, despite its legality in the State of California.

To work with Cannabis Related Businesses (CRB), financial institutions must comply with the rigorous monitoring and reporting requirements needed to potentially utilize banking functions. Institutions must make sure CRBs are not violating state laws or engaging in activities that the Federal government considers law enforcement priorities. For each cannabis customer, financial institutions must complete special money laundering and suspicious activities reports. These are onerous requirements that demand extensive staff time.

The CCA hopes to ease this burden by providing detailed information on each CRB to contracting financial institutions, formatted to fit the institution's regulatory reporting requirements. Providing financial institutions with comprehensive licensing and regulatory data on CRBs is the single most important step California can take to increase banking among CRBs.

OTHER AGENCY INVOLVEMENT

The California State Association of Counties created the California Cannabis Authority Joint Powers Authority. The Resolution approving membership in the California Cannabis Authority and Joint Powers Authority and creation of the California Cannabis Authority have been reviewed and approved by County Counsel.

FINANCIAL CONSIDERATIONS

The initial cost of membership in the CCA is estimated to be around \$27,000 and will be recovered through annual fees imposed on the licensed cannabis related businesses. Initial payment will be July 2018 or later for Fiscal Year 2018-2019.

RESULTS

The result of this Board action will be to become a member of the California Cannabis Authority, a Joint Powers Authority created by an agreement among participating entities. In addition, membership in the CCA will require CRBs operating in the unincorporated areas to provide the CCA with specific information as part of the County's compliance program.

ATTACHMENTS

1. Resolution approving membership in the California Cannabis Authority
2. Joint Exercise Powers Agreement Creating the California Cannabis Authority