

**DRAFT**

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTION 6.88.840 OF CHAPTER 6.88 OF TITLE 6 (BUSINESS LICENSES AND REGULATION) OF THE SAN JOSE MUNICIPAL CODE FOR THE CANNABIS REGULATORY PROGRAM TO ALLOW NOTICE OF COMPLETED REGISTRATION TRANSFERS**

**WHEREAS**, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-008 (General Procedure and Policy Making resulting in no changes to the physical environment); and

**WHEREAS**, the City Council of the City of San José is the decision-making body for this Ordinance; and

**WHEREAS**, this Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this Ordinance;

**NOW, THEREFORE**, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

Section 6.88.840 of Chapter 6.88 of Title 6 of the San José Municipal Code is amended to read as follows:

**6.88.840 Registration transfers-nontransferable.**

- A. No Person shall assign or transfer any Notice of Completed Registration issued under this Chapter unless they follow procedures set out under Subsection B and without following these procedures, ~~and~~ any attempt to assign or transfer any Notice of Completed Registration issued pursuant to this Chapter shall render the Notice of Completed Registration null and void.
- B. Notwithstanding Subsection A above and Subsection 6.88.350.E, a Cannabis Business wishing to transfer ownership or management registration of the Cannabis Business may do so provided that:
1. The Cannabis Business and/or Cannabis Business's successor shall submit all required forms, pay any associated fees, and follow any procedures specified in the City Manager regulations.
  2. The Cannabis Business and/or Cannabis Business's successor shall meet the requirement for registration under Subsection 6.88.300.G including the full payment of cannabis business taxes, fines, and/or fees. The Cannabis Business and/or Cannabis Business's successor may enter a payment plan in accordance with Subsection 6.88.385 for a term no longer than one year from the date of transfer of registration. A partial payment must be made when entering the payment plan in an amount as determined by the director of finance and all outstanding amounts must be paid in full within one year of the date of transfer of registration.
  3. The Cannabis Business must transfer the registration for all locations of the business; no partial transfers of the business will be allowed.

~~24. The Cannabis Business receives a A new or amended Notice of Completed Registration confirming the change in ownership or management registration is issued.~~

C. Notwithstanding Subsection B above, a Cannabis Equity Owner may not transfer ownership to a non-equity owner such that the total amount of equity ownership falls below fifty-one percent (51%) for a period of five (5) years following the original date of receipt of a Notice of Completed Registration.

D. Notwithstanding Subsection B above, a Cannabis Equity Business may not transfer shares of ownership to non-equity owners or partners such that the aggregate total of equity ownership falls below fifty-one percent (51%) for a period of five (5) years following the original date of receipt of a Notice of Completed Registration.

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PASSED FOR PUBLICATION of title this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk