



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 4/28/2026

To: Board of Supervisors

Department or Agency Name(s): County Executive's Office

Staff Name and Phone Number: Andrew Sturmfels and McCall Miller, (707) 565-2431

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

10:50 A.M. Cannabis Business License Program - New Fee

Recommended Action:

Hold a public hearing and Adopt a Resolution establishing a new fee to recover the reasonable costs of providing a Cannabis Business License, effective July 1, 2026.

Executive Summary:

On December 9, 2025, the Board adopted Ordinance No. 6537 establishing the Cannabis License Program (Chapter 4, Article X of the Sonoma County Code). The purpose of the Cannabis Business License is to ensure cannabis uses operate in compliance with all applicable laws and regulations, to protect the regulated industry from competing with illicit market operations, and to maintain the public health, safety, and welfare of each community and the County as a whole.

This item requests a new fee to recover the reasonable estimated costs of issuing and administering Cannabis Business Licenses.

Discussion:

On December 9, 2025, the Board adopted Ordinance No. 6537 establishing the Cannabis License Program (Chapter 4, Article X of the Sonoma County Code). The purpose of the Cannabis Business License (License) is to ensure cannabis uses operate in compliance with all applicable laws and regulations, to protect the regulated industry from competing with illicit market operations, and to maintain the public health, safety, and welfare of each community and the County as a whole.

A Cannabis Business License Program is an efficient method of tracking cannabis operations and ensuring land use consistency utilized by many local jurisdictions. The County of Sonoma does not administer a general business license program but has an established business license program for vacation rentals. The cannabis business license will provide the County with a mechanism for registering cannabis businesses and for tracking cannabis operations over time. It will also allow the County to provide the required local authorization to the Department of Cannabis Control when operators apply for a state cannabis license. The License will provide a lower financial barrier of entry for operations. In December 2025, the Board adopted revisions to the Cannabis Land Use Ordinance removing term limits, removing applicant/operator-specific information and notification, and allowing cannabis operations by right in certain zones. Because of these revisions, the County will not have another mechanism for knowing which cannabis businesses are operating in the County. The cannabis

business license includes provisions regarding monitoring and inspection requirements to ensure cannabis land uses operate in compliance with local laws and regulations.

The Cannabis License Ordinance also requires cannabis businesses consent to inspections and authorizes the Board to establish fees for such inspections. Inspections will be performed by the Department of Agriculture/Weights & Measures for cultivation sites, Department of Health Services Environmental Health for retail and edible manufacturing sites, and Permit Sonoma Code Compliance for other businesses. Those department have already established fees for inspections that will continue to be used under the Cannabis Business License Program.

California cities, counties, and special districts may impose user and regulatory fees for services and activities they provide through provisions set forth in the State Constitution, Article XIII C §1(e)(1)-(3). Under this legal framework, a fee may not exceed the reasonable cost of providing the service or performing the activity. For a fee to qualify as such, it must relate to a service or activity performed at the request of an individual or entity, or their actions specifically cause the local government agency to perform additional activities.

As allowed by Chapter 4, the County Executive’s Office (CEO) is requesting a new fee to recover the reasonable costs of providing a Cannabis Business License. The cannabis business license program will be administered by staff from the CEO (administration, coordination with state agencies and county departments, and reporting) and fees will be collected by the Auditor-Controller-Treasurer-Tax Collector (ACTTC) (accounting and fee collection). The proposed fee includes costs for recovery of staff time as well as a portion to recover license registration software. HdL Companies, the software currently in use by ACTTC to collect Cannabis Business Taxes, will host the new Cannabis Business License application and registration forms.

Fee Description	FY 26-27 Fee Amount
Cannabis Business License (Annual)	\$531

Cannabis operators will apply for and renew their Cannabis Business License annually. Estimated fee revenue from the Cannabis Business License program for FY 26-27 is \$10,082 and for FY 27-28 is \$20,768. Because many permitted cannabis operations are operating within approved permit term limits, transition to the Cannabis Business License program will be staggered over the next few years. It is estimated that, of the existing 57 permitted operations, approximately 1/3 will transition each fiscal year from FY 26-27 through FY 28-29. Any new cannabis businesses would need to get a license prior to commencing the use.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

12/9/2025 - Adopted Ordinance No. 6537 establishing the Cannabis Business License Program

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses		\$10,082	\$20,768
Additional Appropriation Requested			
Total Expenditures		\$10,082	\$20,768
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$10,082	\$20,768
Use of Fund Balance			
General Fund Contingencies			
Total Sources		\$10,082	\$20,768

Narrative Explanation of Fiscal Impacts:

The fee will become effective July 1, 2026. Estimated fee revenue is based on the projected number of permitted cannabis operations, currently operating within approved permit term limits, that will transition into the Cannabis Business License program over the next few years. It is estimated that, of the existing 57 permitted operations, approximately 1/3 will transition each fiscal year from FY 26-27 through FY 28-29.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- A. Resolution
- B. Ordinance No. 6537, adopted 12/9/2025, establishing the Cannabis Business License, with Exhibit 4-A, text of Chapter 4, Article X - Cannabis Licenses

Related Items "On File" with the Clerk of the Board:

None