

Cannabis Advisory Sub-Group on State Alignment
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Our local Sonoma County cannabis ordinance has not yet been updated to reflect the changes in regulations that were adopted on January 16, 2019. The cannabis advisory group has enacted a sub-group to focus on aligning the local ordinance with statewide regulations.

A few areas of concern have been identified that are unique to Sonoma County, in addition this report has captured pending legislature concerning the cannabis industry.

Discussion: In Sonoma County the ordinance requires an operator to obtain 10 acres of land to grow no more than 1 acre of cannabis. This has pushed operators into energy consuming warehouse systems and encourages growers to take up space in commercial industrial buildings, while pushing conventional business out.

Requiring operators to obtain 10 acres of land to grow no more than 1 acre of cannabis has eliminated smaller operators from engaging in the legal market as the cost of acquiring that amount of land to grow such a small amount of cannabis has left local operators without the means to continue their business. In addition this provision favors larger commercial operators that can afford the excessive amount of overhead.

Local State Alignment Solutions:

- a. Eliminate the 1- acre cultivation cap and align with state regulations
- b. Eliminate the 10-acre parcel minimum requirement
- c. Sonoma County Cannabis Ordinances should consider aligning with Bureau of Cannabis Controls's non emergency emergency regulations;
- d. The following definitions changed:
 - a. Designated M and A Commercial Cannabis Activity to Commercial Cannabis Activity
 - b. Changed term of concentrated cannabis to cannabis concentrate
 - c. Sales Price Changed to Wholesale
 - d. Expiration or Sell by Date changes to Best By, Sell by, or Expiration date
 - e. The following definition were added:
 - Branded Merchandize
 - i. Promotional Materials
 - ii. Business Day as 8am-5pm and Calendar Day
 - iii. Immature plants
 - iv. Publicly Owned Land
 - v. Tamper Evident
 - vi. Wholesale Cost
 - vii. The following definition was removed:
 1. Volatile Solvent

Discussion:

The 10-acre minimum parcel size requirement was enacted in an attempt to maintain separation between cannabis cultivation sites and closely spaced neighbors. If alternate neighborhood compatibility measures can be enacted that are acceptable to both cultivators and neighbors, then the 10-acre minimum parcel size might be altered or rescinded.

With soaring real estate prices, farmers cannot sustainably compete with other business owners vying for industrial warehouses space by growing indoors. Growing indoors forces the farmer to use more energy and fossil fuels in attempting to recreate a natural environment.

Solutions

- a. Open up the ordinance to allow for RR, AR parcels to be eligible for permitting with a canopy cap in those locations that do not create unacceptable neighborhood compatibility problems
- b. Work with Agriculture and Open Space Districts to allocate open space land for cultivation leases (outdoor only) on land that has been preserved agricultural lands.

Discussion:

The elimination of RR and AR parcels from consideration for cannabis cultivation sites was an attempt to mitigate the impacts of cultivation on closely spaced neighborhoods. In doing so, thousands of small farmers were excluded from participating in the regulated market and have no pathway forward for bringing their businesses above ground.

Solution

If alternate neighborhood compatibility measures can be enacted that are acceptable to both cultivators and neighbors, then cultivation on appropriately sized and located RR and AR parcels should be considered.

State Proposed Legislature

Concern: Currently, federal law disallows deductions or credit for business whose activities consist of trafficking specified controlled substances. Cannabis operators are not able to deduct business expenses from their federal taxes.

AB 37: Personal income taxes: deductions: business expenses: commercial cannabis activity.

Would, for each taxable year beginning on or after January 1, 2019, and before January 1, 2024, specifically provide in the Personal Income Tax Law for nonconformity to that federal law disallowing a deduction or credit for business expenses of a trade or business whose activities consist of trafficking specified controlled substances only for commercial cannabis activity, as defined under MAUCRSA, by a licensee under MAUCRSA, thus allowing deduction of business expenses paid or incurred during the taxable year in carrying on that commercial cannabis activity under the Personal Income Tax Law.

Support

SB 67 Cannabis Temporary Licenses

Extends temporary cannabis cultivation licenses (temporary license) until September 15, 2019, for applicants who submitted an annual application before the expiration date of the licensee temporary license and authorizes licensing authorities to issue provisional temporary license to individuals without a temporary license, as specified. Specifically, this bill:

- 1) Extends the expiration date on a temporary license if the temporary licensee submitted an
 1. application for an annual license, before the temporary license's expiration date.
 2. Voids the temporary license after the licensing authority issues an annual or provisional
 2. Cannabis cultivation license (provisional license) for the same premises and the same
 3. commercial cannabis activity for which the temporary license was issued.
 - 3) Voids an extended temporary license 30 days after either CDFA denies or disqualifies the
 4. licensee's application, the licensee abandons the application, or CDFA notifies the licensee
 5. they qualify for a provisional or annual license.
 - 4) States that denial, disqualification, revocation, or suspension by CDFA of a temporary
 6. license extended pursuant to this bill shall not entitle the licensee to a hearing or appeal, and
 7. states that a temporary license does not obligate CDFA to extend or issue an annual or
 8. provisional license.
 - 5) States that extended temporary licenses shall expire on September 15, 2019.
 - 6) Makes legislative findings and declarations that this bill furthers the purposes and intent of
 9. the Control, Regulate and Tax Adult Use of Marijuana Act (MAUCRSA).
 - 7) Adds an urgency clause.

Support

AB: 420 The California Cannabis Research Program

If the Regents of the University of California accept the responsibility, current law requires the University of California to establish the California Cannabis Research Program, also sometimes referred to as the California Marijuana Research Program or the Center for Medicinal Cannabis Research, in order to develop and conduct studies intended to ascertain the general medical safety and efficacy of cannabis, among other duties. This bill would specify that the program is hosted by the Center for Medicinal Cannabis Research. The bill would authorize the program to cultivate cannabis for its use in research, as specified.

Support

AB 717: Public contracts: armored courier services.

Would authorize a state agency, in consultation with the Treasurer's office, to contract with an armored car service provider to pick up, count, and transport to a bank or financial institution the cash remits of any state-imposed taxes and fees that are administered by that state agency from participating businesses in California, including cannabis-related businesses. The bill would require

specified armored car service providers to enter into, or have already entered into, a labor peace agreement, as defined, in order to contract with a state agency.

Support

AB 858: Cannabis: cultivation.

Under current law, the Department of Food and Agriculture may issue cannabis cultivation licenses to commercial cannabis businesses that differ depending on the size of the cultivation site and whether the site is indoor, outdoor, or mixed, including a Type 1C, or “specialty cottage,” license, which authorizes a licensee to engage in cultivation using a combination of natural and supplemental artificial lighting at a maximum threshold, to be determined by the licensing authority, of 2,500 square feet or less of total canopy size for mixed-light cultivation, up to 25 mature plants for outdoor cultivation, or 500 square feet or less of total canopy size for indoor cultivation, on one premises. This bill would instead, for outdoor cultivation authorized by a Type 1C license, require the licensing authority to determine a maximum threshold of 2,500 square feet or less of total canopy size, with the option to meet an alternative maximum threshold to be determined by the licensing authority of up to 25 mature plants. MAUCRSA requires the department, no later than January 1, 2018, to establish standards by which a licensed cultivator may designate a county of origin for cannabis. MAUCRSA requires the department, no later than January 1, 2021, to establish a process by which cultivators may establish appellations for standards, practices, and varieties applicable to cannabis grown in certain geographical areas of California, instead of by county. This bill would instead refer to those appellations as appellation of origin *appellations of origin, including standards, practices, and varieties applicable to cannabis produced in those certain geographical areas of California.*

Support

AB 1420: Cannabis: licensing fees.

Current administrative law the cannabis licensing authorities have adopted regulations setting application fees and annual license fees that vary depending on license category as well as the size of the business for certain annual license fees. This bill would prohibit licensing authorities from setting application and license fees that exceed certain specified amounts that are consistent with regulations adopted as of January 1, 2019.

Support

SB 34: Cannabis Donations

Current administrative law prohibits a retailer licensee from providing free cannabis goods to any person or allowing individuals who are not employed by the retailer to provide free cannabis goods to any person on the licensed premises. Current administrative law provides an exception to this prohibition for specified medicinal retailer and microbusiness licensees to provide access to medicinal cannabis patients who have difficulty accessing medicinal cannabis goods, as specified. This bill, the Dennis Peron and Brownie Mary Act, would similarly authorize those specified licensees to provide free cannabis or cannabis products to a medicinal cannabis patient or the

patient's primary caregiver if specified requirements are met, including that the cannabis or cannabis products otherwise meet specified requirements of MAUCRSA.

Support

SB 51: Financial institutions: cannabis.

Would create the Cannabis Limited Charter Banking and Credit Union Law, to be administered by the Commissioner of Business Oversight and the Department of Business Oversight. The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board and specify its composition, to include the Treasurer, the Controller, and the Chief of the Bureau of Cannabis Control, and commit to it the general responsibility for ensuring that this law functions in a safe and efficient way.

Support

SB 185: Cannabis Marketing

MAUCRSA requires, not later than January 1, 2021, the Department of Food and Agriculture to establish a program for cannabis comparable to the National Organic Program and the California Organic Food and Farming Act. Current law requires the department to be the sole determiner of organic designation and certification, unless the National Organic Program authorizes organic designation and certification for cannabis, in which case the department's authority would become inoperative and would be repealed on the following January 1. This bill would require the department to establish the certification program in conjunction with the State Department of Public Health and would specify that the certification program be for cannabis and manufactured cannabis products. MAUCRSA prohibits cannabis and cannabis products from being represented to consumers, as specified, as coming from a California county unless the cannabis was grown in that county. MAUCRSA requires the department, no later than January 1, 2021, to establish a process by which cultivators may establish appellations for cannabis grown in certain geographical areas of California, instead of by county. This bill would use the term "appellations of origin" instead of "appellations" and would apply the same prohibitions against misrepresentation of county of origin to misuse of appellations of origin established pursuant to the above-described process.

Support

SB 223 Pupil health: administration of medicinal cannabis: school sites.

Would enact Jojo's Act, which would authorize the governing board of a school district, a county board of education, or the governing body of a charter school maintaining kindergarten or any of grades 1 to 12, inclusive, to adopt, at a regularly scheduled meeting of the governing board or body, a policy, as provided, that allows a parent or guardian of a pupil to possess and administer to the pupil who is a qualified patient entitled to the protections of the Compassionate Use Act of 1996 medicinal cannabis, excluding cannabis in a smokeable or vapeable form, at a schoolsite. The bill would authorize the policy to be rescinded for any reason, as provided.

Support

SB 305: Compassionate Access to Medical Cannabis Act or Ryan’s Law.

The Medical Marijuana Program requires counties to administer an identification card program for qualified patients and provides immunity from arrest to qualified patients with a valid identification card or designated primary caregivers, within prescribed limits. This bill, the Compassionate Access to Medical Cannabis Act or Ryan’s Law, would require specified types of health care facilities to allow a terminally ill patient to use medical cannabis within the health care facility, subject to certain restrictions. The bill would require a patient to provide the health care facility with a copy of their medical marijuana card or written documentation that the use of medical cannabis is recommended by a physician.

Support

SB 475: Cannabis: trade samples: cultivation tax: exemption.

Would allow a licensee to designate cannabis or a cannabis product as a trade sample at any time while the cannabis or cannabis product is in the possession of the licensee and would impose specific requirements on the licensee making the designation. The bill would prohibit the sale or donation of cannabis or a cannabis product that is designated a trade sample, but would allow those trade samples to be given for no consideration to an employee of the licensee that designated the trade sample or to another licensee. The bill would require a trade sample to be given only for specified purposes.

Support

SB 527: Local government: Williamson Act: cultivation of cannabis and hemp.

Current law requires the board of supervisors or city council, as applicable, to adopt rules governing the administration of agricultural preserves, including rules related to compatible uses consistent with specified principles of compatibility. This bill would authorize these rules to provide that commercial cultivation of cannabis pursuant to the Medical and Adult-Use Cannabis Regulation and Safety Act, or commercial cultivation of industrial hemp pursuant to specified law, constitutes an agricultural or compatible use on contracted or noncontracted lands within an agricultural preserve. The bill would state these provisions are declaratory of existing law.

Support

SB 595: Cannabis: local equity programs: state fee waivers.

Current law, the California Cannabis Equity Act of 2018, authorizes the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. This bill would require a state licensing authority, on or before July 1, 2020, to develop and implement a program to provide a deferral or waiver for an application fee or a licensing fee for a local equity applicant or local equity licensee. The bill would authorize a licensing authority to adopt emergency regulations to implement this provision.

Support

SB 625 Party buses: cannabis.

Current law prohibits a passenger in a motor vehicle being driven upon a highway from drinking any alcoholic beverage or smoking or ingesting any cannabis product. Current law exempts passengers in any bus, taxicab, or limousine, as specified, from this prohibition. This bill would instead exempt the ingestion of cannabis products by a passenger in bus, taxicab, or limousine only if there are no passengers under 21 years of age present and the driver is sealed off from the passenger compartment, as specified.

Support