Informational Hearing

Assembly Committee on Business and Professions - Chair, Evan Low
Assembly Committee on Health - Chair, Jim Wood
Assembly Committee on Agriculture - Chair, Anna M. Caballero

Cannabis Regulation: An Update on Statewide Implementation

Tuesday, February 20, 2018, 9:30 a.m. – 11:30a.m.
State Capitol, Room 4202

Background

In 1996, California voters passed Proposition 215, effectively legalizing the use of medical cannabis (MC) in the state. In October 2015, nearly 20 years after the authorization of the use of MC, Governor Jerry Brown signed into law a trio of bills—AB 243 (Wood),[1] AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, and Wood),[2] and SB 643 (McGuire)[3]—collectively known as the Medical Cannabis Regulation and Safety Act (MCRSA). MCRSA established the state's first regulatory framework for MC. In 2016, the voters of California passed Proposition 64, the Adult Use of Marijuana Act (AUMA), to legalize the non-medical use and sale of cannabis in the state by 2018. Following the legalization of adult-use cannabis, the two systems of regulation for adult-use and medical cannabis were reconciled into a single regulatory scheme entitled the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) via SB 94[4] in June of 2017 through the budget process.

This background paper is intended to provide a brief overview of the history leading up to the hearing, the content of existing law, the landscape of the existing MC industry, and a prospective look at additional issues relating to the implementation of MCRSA and the AUMA as the state moves toward comprehensive regulation of the cannabis industry.

History of Cannabis Regulation

The Compassionate Use Act (CUA) and Medical Marijuana Program (MMP). In 1996, California voters approved Proposition 215, otherwise known as the CUA, which protects qualified patients and primary caregivers from prosecution related to the possession and cultivation of cannabis for medicinal purposes, if recommended by a physician. The CUA prohibits physicians from being punished or denied any right or privilege for making a MC recommendation to a patient. The CUA also included findings and declarations, including encouragement of the federal and state government to implement a plan to provide for the safe and affordable distribution of cannabis to patients with medical needs.

In an effort to increase access to MC by qualified patients and primary caregivers, and to provide protections to qualified patients and primary caregivers from prosecution for the possession and

[1] Stats. 2015, ch. 688
[2] Stats. 2015, ch. 689
[3] Stats. 2015, ch. 719
[4] Stats. 2017, ch. 27

cultivation of MC, California enacted SB 420 (Vasconcellos)[5], which established the MMP. The MMP created a MC card program for patients to use on a voluntary basis, which can be used to verify that a patient or caregiver has authorization to possess, grow, transport, or use MC in California. Under the MMP, a person is required to obtain a recommendation for MC from an attending physician; written documentation of this recommendation is required to be submitted to the county of residence of the applicant in order to receive a MC card. The MC identification cards are intended to help law enforcement officers identify and verify that cardholders are allowed to cultivate, possess, and/or transport limited amounts of cannabis without being subject to arrest. Lastly, the MMP created protections for qualified patients and primary caregivers from prosecution for the formation of collectives and cooperatives for MC cultivation.

Since the state did not adopt a formal framework to provide for appropriate licensure and regulation of MC until late 2015, a proliferation of MC collectives and cooperatives was largely left to the enforcement of local governments. Consequently, a patchwork of local regulations was created with little statewide involvement.

California Supreme Court Affirms Local Control Over MC. By exempting qualified patients and caregivers from prosecution for possessing, or from collectively or cooperatively cultivating, MC, the CUA and the MMP essentially authorized the widespread cultivation and distribution of MC. These laws triggered the growth of MC dispensaries in many localities, and in response, local governments exercised their authority by regulating or banning activities relating to MC. After numerous court cases and years of uncertainty relating to the ability of local governments to control MC activities, particularly relating to the zoning and operation of MC dispensaries, the California Supreme Court, in *City of Riverside v. Inland Empire Patients* (2013) 56 Cal. 4th 729, held that California's MC statutes do not preempt a local ban on facilities that distribute MC. The Supreme Court held that nothing in the CUA or the MMP expressly or implicitly limited the inherent authority of a local jurisdiction, by its own ordinances, to regulate the use of its land, including the authority to provide that facilities for the distribution of MC be prohibited from operating within its borders.

Federal Controlled Substances Act. While CUA and the MMP legalized the possession, cultivation, and transport of cannabis in California, cannabis remains illegal under the federal Controlled Substances Act. Under current federal law, it is unlawful for any person to manufacture, distribute, dispense, or possess a Schedule I controlled substance, including cannabis, whether or not it is for a medical purpose. As a result, patients, caregivers, and licensees who engage in activities relating to both medical and non-medical cannabis could still be vulnerable to federal arrest and prosecution.

United States Department of Justice (USDOJ) Guidance Regarding Cannabis Enforcement. On August 29, 2013, USDOJ issued a memorandum, known commonly as the "Cole memo," which updated its guidance to all United States Attorneys (USAs) in light of state ballot initiatives to legalize the possession of small amounts of cannabis, and provide for the regulation of cannabis production, processing, and sale. While the memorandum notes that illegal distribution and sale of cannabis is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels, it also states that the USDOJ is committed

[5] Stats. 2003, ch. 85

to using its limited investigative and prosecutorial resources to address the most significant threats, which include the prevention of: (1) distribution to minors; (2) revenue from cannabis from going to criminal enterprises; (3) diversion to other states where cannabis is not legal under state law; (4) state-authorized cannabis from being a cover for trafficking in other illegal drugs or illegal activity; (5) violence in cultivating and distributing cannabis; (6) drugged driving and other public health problems from cannabis use; and, (7) growing, possessing, or using cannabis on public lands or on federal property.

According to the USDOJ:

> In jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity.

The memorandum suggests that the existence of a strong and effective state regulatory system, and a cannabis operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests, and encourages federal prosecutors to review cannabis cases on a case-by-case basis, and consider whether or not the operation is in compliance with a strong and effective state regulatory system prior to prosecution.

In December 2014, Congress passed, as part of an omnibus budget bill, language that prohibits the USDOJ from spending funds to intercede in state efforts to implement MC. This amendment, known as the Rohrabacher-Farr amendment, must be renewed annually in order to continue to constrain federal funding in this way. In April 2017, the Rohrabacher-Farr amendment was included as part of the continuing resolution on the budget.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to all USAs that rescinded any previous guidance or memos providing for leniency or discretion around cannabis activity in states that had legalized adult use cannabis. Specifically, the memo rescinded a series of notices, the most notable of which was the 2013 Cole memo, which had allowed USAs to utilize discretion in prosecuting cannabis related crimes, mostly resulting in fewer prosecutions in these states. The actions of Attorney General Sessions called for a "return to the rule of law," reminding USAs that cannabis remains illegal on the federal level. The Sessions Memo directs prosecutors to "weigh all relevant considerations of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community," but stops short of calling for more prosecutions.

***Motivation for Statewide Regulation*.** Although the CUA was passed in 1996, statewide regulation of MC, in the form of MCRSA, was not passed until 2015. Although the passage of the AUMA alleviated some of the concerns with an unregulated market, there were still many unresolved issues surrounding the legitimate operations of the cannabis market.

Because cannabis remains a Schedule I drug, no pharmacy may dispense cannabis, and federal and state food and drug laws do not apply. For both patients and non-medical users, there is a critical need for meaningful regulatory standards to address testing, purity, potency, labeling, identification and elimination of contaminants, and secure protocols for processing and transport of the product. Without such regulation, harm to consumers is possible given that no federal health and safety standards exist for cannabis. The same is true in regard to requirements for packaging, labeling, and tracking of the product for the entirety of its life cycle. In addition to health and safety concerns, there has been public demand for cannabis cultivation standards that mirror established agricultural standards in order to alleviate the environmental degradation to watersheds, forests, and rivers across the state caused by illegal cannabis cultivation.

Consequently, with the passage of MCRSA in 2015 and the AUMA in 2016, the combined regulatory efforts seek to address numerous issues and protect consumers through regulation of MC activities by: (1) establishing oversight and accountability of operations; (2) providing enforcement funding and mechanisms; (3) instituting health, safety, and environmental standards and ensuring they are met; (4) preventing diversion; and, (5) maintaining local control.

MCRSA

Prior to adoption of MCRSA, there had been many legislative attempts to address issues relating to MC including attempts to establish comprehensive regulatory frameworks. After the passage of MCRSA, recognition of the need for statewide regulation persisted and grew stronger, especially in light of the increased environmental, health, and public safety concerns associated with MC. These factors, along with the historic collaboration among members of the Legislature and stakeholders, led to the 2015 passage of MCRSA, which includes AB 243 (Wood), AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, and Wood), and SB 643 (McGuire).

MCRSA established, for the first time, a comprehensive statewide licensing and regulatory framework for the cultivation, manufacture, transportation, testing, distribution, and sale of MC to be administered by the newly established Bureau of Medical Cannabis Regulation (Bureau) within Department of Consumer Affairs (DCA), Department of Public Health (DPH), and Department of Food and Agriculture (DFA), relying on each agency's area of expertise.

MCRSA vested authority for:

- DCA and the Bureau to issue licenses and regulate dispensaries, distributors, and transporters, and to provide oversight for the state's regulatory framework;
- DPH to license and regulate testing laboratories and manufacturers; and
- DFA to license and regulate cultivators.

To assist with the regulatory responsibilities, MCRSA allowed and the AUMA required the Bureau to convene an advisory committee to make recommendations to the Bureau and licensing authorities on the development of standards and regulations, including best practices and guidelines, in order to ensure qualified patients and consumers have adequate access to cannabis and MC products. MCRSA phased out the collective model and its associated immunity, and replaced it with clear licensing requirements for licensees who engage in commercial cannabis activity and are licensed under MCRSA; those who operate unlawfully according to MCRSA are subject to prosecution. An important cornerstone of MCRSA is the preservation of local control

through the requirement of dual authorization from both the state and local government in order to legally operate within the state.

Under MCRSA, local governments may establish their own ordinances to regulate MC activity or choose to ban it altogether. For state licenses, entities may apply for a cultivation, manufacturing, dispensing, testing, distribution, or transport license and are prohibited from holding specific combinations of licenses. For example, testing licensees may not apply for any other license types, and distributors may only obtain an additional license to transport. However, MCRSA provides limited ability for operators to cultivate, manufacture, and dispense MC, also known as vertical integration, but limits cross licensure to two of three of those categories outside of this exception. To assure patient and consumer health and safety, MCRSA requires the DPH to develop standards for the production and labeling of all cannabis products manufactured for human consumption. In addition, MCRSA and the AUMA require licensed cultivators and manufacturers to package all cannabis products in tamper-evident packaging, use a unique identifier to distinguish and track the product, and follow specific labeling requirements; prior to sale at a licensed dispensary, these licensees are required to ensure all cannabis and cannabis products are taken to a licensed distributor for quality assurance and inspection who will ensure that batch testing is completed by a licensed testing laboratory.

To ensure accountability and prevent diversion of cannabis and cannabis products, CDFA is required, in consultation with the Bureau, to establish a track-and-trace program for reporting the movement of cannabis and cannabis products throughout the distribution chain. The California Cannabis Track-and-Trace (CCTT) program requires the use of a unique identifier and secure packaging that provides specified information, including the licensee receiving the product, the transaction date, and the cultivator from which the product originates. To ensure adequate resources for this regulatory scheme, MCRSA provided for a General Fund or special fund loan, of up to $10 million from the General Fund, to the Bureau to support the initial regulatory activities authorized by MCRSA. The licensing fees established by the regulatory authorities are required to repay the loan and then cover the cost of administering and enforcing the framework. To assist with enforcement efforts, MCRSA required the Bureau to establish a grant program to fund activities by state and local law enforcement to remedy the environmental effects of cannabis cultivation.

AUMA

The passage of the AUMA legalized cannabis for non-medical adult use in a private home or licensed business, allowed adults to possess and give away up to approximately one ounce of cannabis and up to eight ounces of concentrate, and permitted the personal cultivation of up to six plants. The law continues to prohibit smoking in or operating a vehicle while under the effects of cannabis, possessing cannabis at a school or other child oriented facility while kids are present, growing in an unlocked or public place, and providing cannabis to minors.

The proponents of the AUMA sought to make use of much of the regulatory structure and authorities set out by MCRSA while making a few notable changes to the structure being implemented. In addition, the AUMA approved by the voters adopted the January 1, 2018 deadline for state implementation of non-medical cannabis in addition to the regulations required in MCRSA that are scheduled to take effect on the same date. The same agencies as under MCRSA remain responsible for implementing regulations for adult use.

Under the AUMA, the DCA continues to serve as the lead regulatory agency for all cannabis, both medical and non-medical, and renames the existing Bureau as the Bureau of Marijuana Control (later renamed to the Bureau of Cannabis Control). The AUMA includes 19 different license types compared to the 17 in MCRSA and authorizes DCA (and the Bureau) the exclusive authority to create and regulate a license for transportation of cannabis. The AUMA also allows for vertical integration models which allow the holding of multiple license types previously prohibited under MCRSA. Additionally, while MCRSA requires both a state and local license to operate, the AUMA only stipulates a state license; however, the state is also directed not to issue a license to an applicant if it would "violate the provisions of any local ordinance or regulation."

One particularly controversial and loosely regulated segment of the cannabis industry is the emergence of cannabis delivery services, especially in light of local bans on cannabis businesses. While not explicitly in the language, the AUMA implies that local jurisdictions may move to ban delivery services and the state would be compelled to follow by not issuing licenses under the above provision which prevents conflict at the state and local level.

While the language of the AUMA allows for modifications to the law by majority vote of the Legislature, any legislative changes inconsistent with the original intent of the law may require voter approval. In cases where the state and its various agencies of jurisdiction did not finalize regulations, hire staff, and create technology solutions by January 1, 2018, it is unclear how wide-sweeping the consequences may be.

The Combination of the AUMA and MCRSA: MAUCRSA

In the spring of 2017, SB 94 (Committee on Budget and Fiscal Review) was introduced to reconcile the separate systems for regulation, licensing, and enforcement that had been established under the authority of AUMA and MCRSA. This consolidated system established by the bill, known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) deleted redundant code sections no longer necessary due to the combination of the two systems and clarified a number of components, including but not limited to:

- Licensing – Clarified that all commercial cannabis activity may only be conducted between licensees.
- Maintains local control – established that no provision of the bill would limit the authority of local jurisdictions.
- Exit packaging- Required that all cannabis and cannabis products be placed in an opaque, child resistant, package before leaving a retail location.
- Testing – Maintained testing requirements from the AUMA and MCRSA including authority for licensing authorities to establish standards for testing and collection of samples.
- Taxes – Created a system to collect taxes established by AUMA including that distributors would collect cultivation tax at the time of distribution.

Despite the effort to streamline the two systems into one, there are a number of remaining questions that remain.

Cannabis Cultivation Licensing (CCL) and Track and Trace. On December 2017 CDFA released its emergency regulations for CCL and the CCTT program. CDFA began be issuing

temporary licenses that went into effect on January 1, 2018. These temporary licenses are be valid for only 120 days, and two 90-day extensions will be available only if the temporary licensee has applied for an annual license. Temporary licenses will not be available as of January 1, 2019. Applications for temporary and annual commercial CCL were made available in December 2017 via CDFA's CalCannabis Cultivation Licensing website.

There are three categories of CCL, with several sub categories such as Adult Use (A) *or* Medicinal (M), and on size of cultivation grow:

1) Cultivators: Numerous license types for commercial cultivators, ranging from specialty cottage to medium-sized grows.

    a. The emergency regulations have a limit of 1 medium license (up to 1 acre), but places not limit in the number of Specialty Cottage, Specialty or small (up to about .25 acre) licenses that a person can have.

2) Nurseries: Cultivation of cannabis solely as a nursery, including cloning and seed propagation.

3) Processors: A site that conducts only trimming, drying, curing, grading, or packaging of cannabis and non-manufactured cannabis products.

Along with their application and some restriction site location, CCL applicants also need to address the following:

1) Criminal Background: Applicants will have to get fingerprinting via the Department of Justice's Live Scan service and undergo a criminal history check to determine if any convictions are substantially related to their commercial cannabis cultivation license. Substantially related convictions may prevent the issuance of a license.

2) Local Approval: Applicants may submit, as a part of their application, proof of approval by their local jurisdiction (city or county or other jurisdiction) for commercial cannabis activity. CDFA will be verifying the validity of the authorization with the local jurisdiction identified.

3) Environmental Protection: Applicants will be required to demonstrate California Environmental Quality Act (CEQA) compliance. This may be achieved by a local jurisdiction completing a site-specific analysis or the applicant providing a CEQA document to be certified by the lead agency. Applicants will also be required to comply with specific conditions imposed by the State Water Resources Control Board and Department of Fish and Wildlife.

Transition Period. To support a smooth transition of businesses into a newly regulated market, beginning January 1, 2018, and before July 1, 2018, licensees may do the following:

1) Conduct business with other licensees regardless of the M (for medicinal) or A (for adult use/recreational) designation on their licenses.

2) Transport cannabis and cannabis products that do not meet the labeling requirements (prescribed by MAUCRSA or the DPH if a sticker with the appropriate warning statement is affixed.

3) Sell cannabis and cannabis products held in inventory that are not in child-resistant packaging if the retailer places them in child-resistant packaging at the time of sale.

4) Sell cannabis products that do not meet the THC limits per package established by DPH.

5) Sell and transport cannabis products that have not undergone laboratory testing if a label stating they have not been tested is affixed to each package containing the cannabis products prior to transport by a distributor—or prior to sale if held by a retailer.

6) Individually package and sell dried flower held in inventory by a retailer at the time of licensure.

7) Cannabis and cannabis products held in inventory by a retailer that do not meet the requirements set by DPH for ingredients or appearance may be sold by a retailer

Track and Trace. Under MAUCRSA, CDFA is required to establish a track and trace system for reporting the movement of cannabis through the supply chain (Business and Professions Code § 26067). Accurate, real time information through this system is critical to an enforcement mechanism that has both statewide and local jurisdiction elements. The CCTT system is the program used statewide to record the inventory and movement of cannabis and cannabis products through the commercial cannabis supply chain—from cultivation to sale.

The state's contracted service provider for the CCTT system is the technology company Franwell, Inc., who will provide the proprietary Metrc software program—the same program now used in Colorado, Oregon, Alaska, and Nevada for commercial cannabis activity. All state-issued annual cannabis licensees are required to use the CCTT-Metrc system to record, track, and maintain information about their cannabis and cannabis-product inventories and activities.

Temporary cannabis licensees are not required to use the system, nor will they be provided access to it. Instead, the state's emergency regulations require temporary licensees to document all sales and transfers of cannabis and cannabis products between temporary licensees—or between temporary licensees and annual licensees—by manually using paper sales invoices or shipping manifests.

The decisions by the Bureau, CDFA, and DPH to allow temporary licensees to not participate in the CCTT system until they receive an annual license is a potential blindspot in the 4 month transitional period, especially, since temporary licenses may be granted with no background check and minimal local oversight. Instead of participating in the state tracking system, temporary licensees use paper tracking, receipts, and manifests. Additionally, as new temporary licensees move into the system and annual licenses are issued, this creates an unequal system with patchwork paper and electronic tracking. Finally, Understanding that track and trace is a self-reporting system, i.e., the licensee needs to put in accurate information, it is important that proper training be given to licensees so that they can effectively use the system.

California Black Market Activity. As costs increase for licensed cannabis operators due to taxes, licensing fees, and costs of complying with state and local regulations, legal businesses will be at a distinct disadvantage compared to black market actors that do not pay similar costs. According to a study commissioned by the CDFA, the state is already overproducing cannabis. It produced 13.5 million pounds in 2016 while only consuming 2.5 million pounds. Much of this excess production was likely exported out of the state and it is not yet clear how the state will handle this issue.

The CDFA's policy for enforcement against illegal cultivation activities is to refer any violation to local authorities. This is problematic particularly for jurisdictions that do not license commercial cannabis activity and do not have funding available to pursue illegal cultivation.

The Governor's January Budget release proposes delaying the allocation the State and Local Government Law Enforcement Account until the 2019/20 budget year. Under MAUCRSA, this account will provide grants to assist law enforcement, fire protection and other local programs to address the public safety concerns caused by MAUCRA—including illegal cultivation. Current law also prohibits jurisdictions with bans on cultivation and retail sales from receiving these funds. This is contrary to policies in states like Colorado which have specifically provided funding for jurisdictions that do not allow commercial activity because they have fewer resources to deal with the illegal market.

The Environmental Restoration and Protection Account is also been proposed to be delayed until the 2019/20 budget year under the recent Budget release. This account will fund cleanup efforts environmental damage caused by illegal cultivation in rural areas, and a state task force focused on going after illegal cultivation on public lands. Recent media reports indicate that rural counties have been overwhelmed by illegal operators who are causing significant environmental damage.

Cooperatives and Collectives Transition Period under MAUCRSA. How existing collectives fit into the licensing system under MAUCRSA has been a source of confusion. Under MAUCRSA, protections for cooperatives and collectives operating under Health and Safety Code (HSC) Section 11362.775 will have their status expire on January 1, 2019. Under HSC 11362.775, collectives are given protection from criminal liability but are still subject to civil liability.

The Bureau has put out guidance on what activities collectives are allowed to perform. According to the Bureau, collectives can only acquire and provide cannabis to their members and must be a non-profit meaning they can only receive monetary reimbursement from their members to cover actual overhead costs and operating expenses. Additionally, the guidance says that collectives must limit the amount of cannabis they possess to 6 mature plants per patient and must be in compliance with the rules of their local jurisdiction.

Despite this guidance, lingering policy questions remain. For example, can a cannabis manufacturer become a "member" of a collective and by doing so, legally supply manufactured products to the other members of the collective? Can a manufacturer join as a "member" of multiple collectives under this model? Prior to MAUCRSA going into effect, this was a common way to integrate the supply chain into a collective or cooperative.

Another issue is that cooperatives and collectives appear to not be subject to the state excise or cultivation tax—offering a large advantage over state licensed businesses.

Caps on Cultivation Licenses and California Growers Association Lawsuit. In late January 2018, the California Growers Association (CGA), a trade group representing cannabis farmers, filed suit in Sacramento County Superior Court against CDFA over a the unlimited limited licenses for small grows in cannabis cultivation regulations. Due to the lawsuit CDFA cannot comment on this issue, but in November of 2017, Steve Lyle, spokesman with the department, told the Press Democrat that the 1-acre limit "was left out following evaluation of the emergency regulations, including input from stakeholders, that went on right up until the regulations were finalized."

MAUCRSA allows for Type 5 licenses, the state's permits for the largest scale cultivation, but these are not available until 2023.

CGA argues that the emergency regulations create a loophole, contradicting the spirit of the protective arrangement outlined in the original bill. While those largest scale cultivation licenses are still banned, the regulations nonetheless allow for a single corporation to collect an unlimited number of smaller scale cultivation licenses, arguably enabling the same kind of economic effect that the five-year ban was meant to prevent.

Despite the lawsuit, there is a divide in the cannabis growing community. In January 2017, Steve DeAngelo, co-founder and CEO of Harborside Health, was quoted in the *Sacramento Bee* arguing that large farms are necessary to keep prices down, especially with the high taxes consumers will pay at dispensaries.

Purpose of the Hearing

As of January 1, 2018, California is now the largest regulated cannabis market in the world. Not more than two months into 2018, the licensing authorities charged with regulating cannabis have begun issuing temporary licenses for cannabis activity and will begin issuing permanent licenses later this year.

Under MAUCRSA even more is left to implementing agencies. All regulatory agencies are currently operating under emergency regulations and as they have undertaken their obligation to begin implementing these statutes effective January 1, ongoing efforts to prepare and promulgate final regulations through the Office of Administrative Law continue and are well underway. This hearing will provide the agencies with insight into changes and modifications that should be incorporated into the final proposed regulations and legislators with issues that may require a legislative solution.

Further, CDFA, DPH, and the Bureau have also begun to shift from establishing regulations, to enforcing them. This role will be essential in order to ensure that participants are compliant and the public and the environment are protected. This hearing provides an opportunity for agencies to share plans for enforcement and the inter-agency collaboration that will be necessary to effectively comply with enforcement responsibilities.

As the state moves forward with the regulation of both medical and non-medical cannabis, stakeholders are requesting a streamlined regulatory structure of cannabis activities across both medical and non-medical. This hearing is intended to evaluate the current state of the regulatory scheme for potential areas of change or improvement, to examine how the cannabis industry itself is responding to licensure and compliance and evaluate next steps that must be taken by licensing authorities and the Legislature to implement the law efficiently and effectively.