



February 26, 2019

The Honorable Steven Glazer
Chair, Senate Committee on Business, Professions and Economic Development
State Capitol, Room 2053
Sacramento, CA 95814

**RE: SB 67 (McGuire) Cannabis: temporary and provisional licenses
NOTICE OF SUPPORT**

The California Cannabis Industry Association (CCIA) is pleased to support Senate Bill 67, as amended on February 25, 2019. This bill allows cannabis businesses that were issued temporary cannabis business licenses prior to January 1, 2019, to remain operable until state licensing agencies issue or deny the business a provisional or annual license, as well as expands the state's current provisional license framework.

Under the provisions of MAUCRSA, cannabis businesses operate under temporary licenses, established to allow cannabis businesses to operate while state licensing agencies develop, process, and review applications for annual licenses. Last year, when it became clear that the temporary structure would expire before all of the annual applications were reviewed, an additional provisional license category was created through SB 1459 (Cannella, 2018) to give licensing authorities and the industry additional time to complete the process.

Unfortunately, despite the creation of provisional licenses, current data shows that, unless addressed, over 6,200 temporary cannabis business licenses will expire by April. Many of these businesses have carried out their due diligence and applied for annual licenses, in some cases as far back as mid-2018. Moreover, further research has shown many of these soon-to-expire licenses belong to cultivators, the essential starting point of the cannabis supply chain. Should these licenses lapse, not only will these businesses lose months of time, money, investment, and hard work, but the upstream ramifications on the cannabis industry as a whole would be severe.

Therefore, the passage of SB 67 is critical for the continued survival of the legal cannabis industry in California. Specifically, this bill keeps cannabis businesses on track for annual licensure in three ways:

- 1) Temporary License Extension.** Under SB 67, temporary licenses issued on or before December 31, 2018 will remain valid so long as the licensee has submitted an application for an annual license before their temporary's expiration date. The temporary license will remain active until the licensee's annual application is either approved, denied, or disqualified, allowing existing businesses to remain operable while licensing agencies review their application.

- 2) **Provisional License Expansion.** SB 67 expands current law regarding the issuance of provisional licenses by allowing agencies to issue provisionals to any applicant, regardless of whether they previously held a temporary license. This addition will allow the industry to grow and encourages new entrepreneurs to engage in the cannabis industry. However, by specifying that agencies may only issue new provisionals *after* the annual application backlog is addressed, SB 67 ensures agencies are remaining on track.
- 3) **Legislative Reporting Requirements.** In order to ensure timely and transparent application processes are taking place, SB 67 requires that state licensing agencies report to the Legislature every 30 days. These reports must detail the number of pending annual and provisional applications submitted by temporary licensees, the number of approved and denied applications, the number of expired temporary licensees, as well as other information pertinent to both the state and the industry.

For the reasons stated above, the California Cannabis Industry Association is proud to support SB 67, and thanks the author for his leadership on this crucial issue.

Sincerely,



Lindsay Robinson
Executive Director

cc: Members, Senate Business, Professions, and Economic Development Committee
Bill Gage, Chief Consultant, Senate Business, Professions, and Economic Development Committee
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