

# 2023 Annual Report

## Introduction

The Cannabis Advisory Committee (CAC) was established under California state law (Business and Professions Code Section 26014) to advise the Department of Cannabis Control (DCC) on the development of standards and regulations for commercial cannabis businesses, including those necessary to protect public health and safety.

The CAC engages in thoughtful, comprehensive discussion and provides an important venue for robust public input. This work supports DCC’s mission of advancing and facilitating a well-regulated, legal market that benefits all Californians and vision for a safe, sustainable, and equitable cannabis market that serves as an example for the world.

## CAC Recommendations

The CAC is required by [state law](#) to publish an annual report describing its activities, including the recommendations the CAC made to DCC and whether those recommendations were implemented by DCC.

The CAC held quarterly meetings of the full committee membership during 2023 (March 9, June 8, September 7, and December 7). In between the quarterly meetings, the various subcommittees met and held discussions to develop recommendations for consideration by the full committee.

In 2023, the full committee made the following recommendations to DCC:

### Recommendations Related to Cultivation

**Recommendation:** That DCC provide a simple and immediate pathway to allow a cultivator to fallow all or a portion of their mature plant canopy area at a reduced and/or prorated rate, so that the following request may be retracted should the cultivator choose to plant.

**Status:** “Fallowing,” in the general agricultural context, refers to the practice of foregoing planting in a given plot of land for one or more seasons. Because cannabis cultivation licenses are issued by canopy size, cultivators pay the required annual fee regardless of whether or how much of the canopy area they use in the year. “Fallowing” in the cannabis context is generally understood to mean the ability to forego planting combined with a reduced fee payment.

Parallel to the Committee’s efforts, the Legislature adopted SB 833 (McGuire, Chapter 866, Statutes of 2023), which was signed by the Governor in October 2023. The bill requires the Department to provide cultivators



with the opportunity to place their license in an inactive status at the time of renewal for the upcoming year. The Department will be promulgating implementing regulations in early 2024 to meet the statutory implementation date of March 1, 2024.

**Recommendation:** That DCC provide a simple and immediate pathway to allow a cultivation license holder to reduce the size of their cultivation license without requiring a new application submittal or review process, so long as the proposal for the downscaling of the cultivation license does not increase environmental impacts, propose additional activities propose a reconfiguration of the premises, or propose new development.

**Status:** SB 833 also requires the Department to allow cultivators, at the time of renewal, to reduce the size of their licensed canopy, and to subsequently return to the originally authorized size at a future renewal. The Department will be promulgating implementing regulations in early 2024 to meet the statutory implementation date of March 1, 2024.

### Recommendations Related to Appellations of Origin

**Recommendation:** That the DCC adopt a tamper-proof, unique in appearance (such as holographic) seal, ideally embedded with a QR code.

**Status:** DCC continues to work on the Appellations of Origin program in conjunction with CDFA, and this recommendation will be considered as part of that development process.

**Recommendation:** That DCC adopt regulations for labeling non-manufactured cannabis goods to require the appellation name followed by the term “appellation” on the primary panel of the label.

**Status:** The Department continues to work on the Appellations of Origin program in conjunction with CDFA, and this recommendation will be considered as part of that development process.

**Recommendation:** That DCC specify one year as the appropriate transition time for business that do not meet the requirements for an appellation of origin.

**Status:** The Department continues to work on the Appellations of Origin program in conjunction with CDFA, and this recommendation will be considered as part of that development process.

**Recommendation:** That the DCC develop different penalties for the misuse of the appellation name or seal, and for counterfeit seals. Both shall be no less than \$500.

**Status:** The Department’s disciplinary guidelines provides sufficient flexibility and are a tool that provides factors to be considered in determining penalties as appropriate for violations. In assessing a violation, DCC considers the totality of circumstances, and as a result, a violation may result in a penalty higher than the standard range within the disciplinary guidelines. DCC continues to work on the Appellations of Origin program in conjunction with CDFA, and this recommendation will be considered as part of that development process.

**Recommendation:** That the DCC require that each appellation of origin producer maintain a copy of the approved petition, and public notice of approval on-site at all times and make that paperwork readily available to the DCC for purposes of inspection.

**Status:** Existing statute and regulations require commercial cannabis businesses to maintain all records related to commercial cannabis activity for a period of seven years and to make these records available for DCC review (Business & Professions Code Section 26160 and Title 4, CCR, Section 15037). As the Department continues to work on Appellation of Origin program requirements, the department will evaluate whether existing requirements are sufficient to meet the needs of the program and whether further refinement is needed.

### Recommendations Related to Equity

**Recommendation:** That DCC conduct a statewide social equity assessment to collect data.

**Status:** A research project funded by DCC and conducted by a team at the University of California, Los Angeles is expected to conclude in early 2024. The project will study the demographics of cannabis business owners and employees and examine licensees' implementation of social equity in hiring and purchasing practices.

The DCC will continue to evaluate data collection priorities as well as the best methodologies for gathering data.

**Recommendation:** That the DCC collect data about all owners (defined as those holding an interest of 10% or more) of cannabis licenses, including race, ethnicity, veteran status, gender identity, sexual orientation, personal savings and resources used, how capital was raised and how much equity was given up, whether they have been a victim of a crime, arrests and convictions, education level, conviction rates of the owner or their immediate family members, seizures, detentions, raids, and the difficulty of finding compliant real estate.

**Status:** As the DCC continues efforts to gather equity data in California, the Department is continuing to evaluate the best methodology for data collection. This includes expanding data collection capacity within the DCC and will require system modifications to capture additional information pertaining to cannabis licenses and business owners. The first phase of this project is expected to be completed in Q1 2024. The Department will also be assessing the relevant and appropriate specific data points to be collected, including the types of personal information the Department has legal authority to mandate disclosure of and the potential use of each data point in future policy making.

**Recommendation:** That the DCC assess the retail shelf space devoted to social equity brands.

**Status:** The DCC is committed to supporting a safe, sustainable, and equitable cannabis market and will continue to evaluate data collection policies that support equity operators, as well as the best methodologies for gathering data. The above-mentioned research project may help inform this effort. This project is funded

by DCC and conducted by a team at the University of California, Los Angeles is expected to conclude in early 2024. The project will study the demographics of cannabis business owners and employees and examine licensees' implementation of social equity in hiring and purchasing practices.

**Recommendation:** For the purposes of identifying who has been disproportionality impacted by the War on Drugs, we recommend that DCC look at arrest data by local and state law enforcement agencies, rather than by census tract.

**Status:** The DCC is committed to supporting a safe, sustainable, and equitable cannabis market and will continue to evaluate data collection policies that support equity operators, as well as the best methodologies for gathering data.

### Recommendations Related to Laboratories

**Recommendation:** That DCC define in regulations which products can be used during matrix-specific validation.

**Status:** The DCC is working on a laboratory regulatory reform package and this recommendation will be considered as a part of that regulatory development.

**Recommendation:** That DCC establish a process to approve ISO 17034 proficiency testing providers.

**Status:** The DCC is working on a laboratory regulatory reform package and this recommendation will be considered as a part of that regulatory development.

**Recommendation:** That DCC regulations require a distributor or laboratory to hold a specified amount of cannabis or cannabis product for confirmation testing.

**Status:** DCC regulations currently require a licensed laboratory to securely store and retain any portion of a sample that was not used in the testing process for a minimum of 45 days after the analysis. The DCC is working on a laboratory regulatory reform package and this recommendation will be considered as a part of that regulatory development.

### Recommendations Related to Public Health and Community Impact

**Recommendation:** That the DCC continue to work with the CDPH to convene a balanced expert scientific task force, exempt from conflict of interest, i.e. no financial interests, to review the scientific literature on the issue of increasingly high THC potency of adult use cannabis products and to make public health recommendations to cannabis regulatory agencies and to the public. The CAC recommended that this work be a priority for DCC, regardless of funding available from CDPH, and that this work be completed within the next 12 months, with the option to revise the recommendations as new data or evidence comes to light.

**Status:** The Department has participated in the existing High Potency THC Task Force convened by CDPH. This Task Force has been tasked by the Governor with making scientifically-based policy recommendations related

to THC potency levels. The Department will continue to engage with CDPH and the Task Force and will share recommendations received from this Task Force with the Committee when they are transmitted.

## Meeting Agendas and Materials

Meeting agendas and materials are available for all subcommittee and full committee meetings and can be found at <https://cannabis.ca.gov/about-us/cannabis-advisory-committee/>.

## Conclusion

The committee and subcommittees collectively held a total of 16 meetings in 2023, with discussions and recommendations related to a variety of issues currently facing the cannabis industry and stakeholders. The CAC and its members look forward to continued collaboration with the Department as we work together toward a safer, sustainable, and equitable cannabis market.

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## Acknowledgements

The CAC would like to acknowledge and thank the following individuals for their leadership and support. We would like to thank the individuals who attended committee and subcommittee meetings, provided thoughtful feedback, and engaged with the work of the committee. We look forward to your continued participation to improve regulation and oversight of the cannabis marketplace in California.

### CAC Members

**Ali Jamalian, Committee Chair**, CEO, Kiffen LLC

**Amber Baur**, Executive Director, United Food and Commercial Workers Western States Council

**Antonio Frazier**, Principal Consultant, Fire Cannabis Consulting

**Christine De La Rosa**, CEO & Co-Founder, The People's Dispensary

**David Woolsey**, Police Sergeant, San Jose Police Department, Division of Cannabis Regulation

**Dr. Imani Brown**, Social Equity Program Director, City of Los Angeles

**Jeremy Brown**, Co-Owner, Booney Acres

**Kristin Nevedal, Committee Vice-Chair**,

**Madison Shockley III**, Owner, Off the Charts South Los Angeles

**Matthew Broad**, Legislative Advocate at Broad and Gusman, representing California Teamsters (alternate)

**Matthew Clifford**, Attorney, Trout Unlimited

**Matthew Maldonado**, Director of Operations, United Domestic Workers (UDW/American Federation of State, County, Municipal Employee Local 3930) (alternate)

**Michael Polson**, Postdoctoral Fellow at UC Berkeley, Associate Research Scientist, Berkeley Cannabis Research Center

**Paul Tupy**, Deputy Division Chief, Northern Division, Department of Alcoholic Beverage Control

**Robin Christensen**, Chief, Substance and Addiction Prevention Branch, California Department of Public Health

**Sara Payan-Pehrson**, Public Education Officer

**Terry Brennan**, Government Relations Director, Service Employees International Union (SEIU) California State Council

## Acknowledgement of Former CAC Members

We would like to thank the following members for their service on the committee:

**Dr. Ellicott Matthay**, Social Epidemiologist and Assistant Professor, NYU Grossman School of Medicine; Affiliate, University of California San Francisco and University of California Berkeley

**Joanne Iwamoto**, Cannabis Program Manager, Monterey County

### Leadership

**Gavin Newsom**, Governor

**Lourdes Castro Ramirez**, Secretary, California Business, Consumer Services and Housing Agency

### DCC Leadership Team

**Nicole Elliott**, Director

**Rasha Salama**, Chief Deputy Director

**Matthew Lee**, General Counsel

**Melissa Eidson**, Deputy Director of Administration

**Jeff Merriman**, Deputy Director of Compliance

**Bill Jones**, Deputy Director of Enforcement

**Eugene Hillsman**, Deputy Director of Equity & Inclusion

**Angela Hill**, Deputy Director of Governmental Affairs

**Tamara Colson**, Deputy Director of Legal Affairs

**Michael Cheng**, Deputy Director of Licensing

**Jacqueline Champion**, Deputy Director of Policy & Research

**Maria Luisa Cesar**, Deputy Director of Public Affairs (former)

**Sean O'Connor**, Chief Information Officer

### DCC CAC Support Staff

**Shannon George**, Policy Manager, Policy & Research Division

**Margaret Goldbar**, Policy Analyst, Policy & Research Division

**Devin Gray**, Policy Specialist, Policy & Research Division

**Erroll Abrahamian**, Staff Services Analyst, Policy & Research Division



**Nina Lemke**, Education & Outreach Manager, Public Affairs Division

**Katie O'Brien**, Customer Service Manager, Public Affairs Division

**Leonard Lithen**, Customer Service Analyst, Public Affairs Division

**Sara Gardner**, Assistant Chief Counsel, Legal Affairs Division

**Angela McIntire-Abbot**, Attorney, Legal Affairs Division

**Donovan Dutt**, Branch Chief, Information Technology Services Division

**Brandon Menge**, Information Technology Services Division

**Ray Peart**, Enterprise Services Branch Chief, Information Technology Services Division

**Bryan Evans**, Service Desk Lead, Information Technology Services Division

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