

Meeting Materials: December 18, 2024

Discussion Topic: License Fee Restructure

The Department of Cannabis Control (DCC) is intending to evaluate options for restructuring the license fees paid by cannabis businesses.

The DCC is seeking input on guiding principles that might help guide the state's approach to developing a fee structure. Some preliminary principles might include:

- Equity and fairness
- Public health, product safety, and environmental protection
- Transparency and simplicity
- Market response
- Financial impacts to businesses

Below are some initial questions to support generating feedback from the committee members and the public. These questions are not intended to be an exclusive list but rather are a guide to help start the conversation and support constructive discussion.

- What criteria should be considered in evaluating whether fees are fair and equitable?
- Do you think fee structures should reflect California's values and what are those values (e.g., environmental protection, public health protection, climate protection)?
- Should fee structures incentivize certain types of business practices and what are those practices (e.g., equity partnerships, waste reduction, or a focus on medicinal consumer needs)?
- How can fee structures encourage participation in the licensed market rather than the unlicensed market?
- Do certain segments of the industry bear an unfair fee burden? Should certain segments bear a higher fee burden?
- DCC responsibilities have steadily increased since license fees were initially established in 2017, prior to the licensed market. Given that DCC is statutorily mandated to cover its operating cost through license fees, how can the increased state costs be incorporated into fee restructuring?

