



2021 Legislative Work Program

CCIA is proud to present this draft of our Legislative and Regulatory work program for the upcoming year. We appreciate all of the input we've received from our members, committees and the board, which helps guide our advocacy work in the State Capitol.

The emergence of the COVID-19 pandemic changed the 2020 legislative year drastically, reshaped priorities of both the Administration and Legislature, and delayed progress in many areas. 2021 has begun in a similarly tenuous fashion, although the introduction of vaccines is providing some reprieve. Additionally, although the State's budget situation is less dire than projected, revenues and costs remain uncertain and susceptible to increased risks.

We anticipate that our work on behalf of the cannabis industry will remain socially distanced until mid-year, however, we, as well as legislators, Capitol staff, and our colleagues have largely adjusted to this new normal. Like in prior years, we expect this work program to evolve as new issues are identified.

Most notably, the three licensing agencies overseeing cannabis are consolidating into one, unified Department of Cannabis Control by this summer. Considering the unique context and challenges facing policy advocacy this year, CCIA has streamlined our work into the following categories:

Agency Consolidation

As outlined in Governor Newsom's 2021-22 Budget Proposal released on January 8th, all state cannabis licenses, which are currently regulated by three state agencies, will be regulated by a newly established Department of Cannabis Control. The Department will be established under the Business, Consumer Services, and Housing Agency (BCSH) by July 1, 2021, and will serve as "a single point of contact for cannabis licensees, local governments, and other stakeholders."

[*\(Governor's Budget Summary 2021-22, pg. 213\)*](#)

This consolidation process, by which the Administration is engaging with the Legislature and relevant stakeholders to develop a framework for the unified agency, is the primary point of advocacy for CCIA's myriad priorities in 2021. Guided by our [2020 Regulatory Recommendations](#) document released in August, CCIA will advocate for a more streamlined regulatory system and seek long-needed reforms in the supply chain, including but not limited to:

- State tax reform
- Permitting trade samples
- METRC reform
- Standardizing testing methodologies

- Streamlining and improving the ownership and inventory transfer processes
- Licensing fee reform
- Making curbside pick-up permanent
- Increasing the case limit threshold for cannabis delivery businesses

Provisional Licensing & CEQA

In 2018, [SB 1459](#) by Senator Cannella established the provisional license program, which permits cannabis businesses to legally operate while their local and state applications for annual licenses are pending; specifically, while they are awaiting a California Environmental Quality Act (CEQA) compliance review. In 2019, this provisional program was extended to January 1, 2022 through the cannabis trailer bill ([AB 97](#)).

Currently, approximately 75% of California's cannabis licenses are provisional due to the complex and often slow-moving nature of CEQA compliance. As such, CCIA is proudly co-sponsoring [SB 59](#) by Senator Caballero. This bill extends the provisional license program to July 1, 2028. This essential extension will not only preserve legal cannabis licenses already in operation, but allow enough time for local and state regulators, industry stakeholders, and environmental experts to find a more comprehensive solution to meeting state and local CEQA compliance.

*[SB 59 CCIA/ICFA Co-Sponsor Letter \(Submitted Jan. 4, 2021\)](#)
[SB 59 Template Letter](#)*

Social Equity

With the passage of Proposition 64, voters in California made a commitment to end decades of failed prohibitionist policy and do right by communities most affected by the War on Drugs. Unfortunately, the transition into a regulated cannabis market has created many new barriers to entry for marginalized communities, and in many cases, social equity has not been prioritized. As such, CCIA's 2021 work program includes a renewed commitment to social equity and restorative justice in California's cannabis policy.

Specifically, CCIA is working with Senator Steven Bradford (D-Gardena) to establish state level fee waivers and deferrals for equity operators, a program first passed in 2019 through Sen. Bradford's [SB 595](#), but one that was regretfully never funded in the Budget Act. As such, CCIA is also committed to working with Sen. Bradford and the equity community to secure a specific allocation in the 2021-22 Budget Act for the establishment of state level fee waivers and deferrals. Moreover, guided by conversations and work within our Diversity, Inclusion, and Social Equity (DISE) Committee, CCIA is exploring potential for further equity reform and accountability as part of the wider consolidation process.

CCIA will also continue to engage on the federal level to promote social equity through the message of SAFE Banking and broader policy reform efforts expected under the Biden Administration and 117th Congress.

Hemp Product Framework

As anticipated, a regulatory framework to lawfully permit the use of hemp CBD (and other hemp derivatives) as an ingredient in food, beverages, dietary supplements and pet products was introduced as [AB 45](#) (Aguiar-Curry, D-Winters) on December 7, 2020. An identical bill, [SB 235](#) (Allen, D-Santa Monica), was introduced in the State Senate on January 19, 2021.

Since 2019, CCIA has worked as part of a broader coalition of hemp and cannabis stakeholders to establish a regulatory framework for the lawful manufacture and retail sale of hemp in California. While progress has been slow, the Coalition, working in partnership with the Newsom Administration reached agreement on language in the final days of the 2019-20 legislative session. While negotiations ultimately stalled amid concerns that the policy was too comprehensive to be deliberated in the final days of session, the agreement, which has been introduced in AB 45 and SB 253 sets forth criteria that businesses must follow to distribute and sell hemp in California, including certificates of analysis (COAs) and proof of compliance with state/federal requirements. Language further establishes labeling and advertising standards that mirror standards set forth in MAUCRSA; compliance and enforcement standards, application requirements, a fee structure, and record keeping standards; as well as testing requirements that mirror standards set forth in MAUCRSA.

More recently, the coalition has advised the governor's staff of the need to address several outstanding issues in the current bill language. The most notable of these issues include removing the bill's current ban on smokable and inhalable hemp products, as well as establishing a structure to allow cannabis licensees the ability to engage in the manufacture and sale of hemp on the same premises.

Emerging Issues:

- **Billboard Advertising Prohibition** - Work with coalition partners in the outdoor advertising industry to protect cannabis licensees' ability to advertise on billboards, in light of a recent court decision prohibiting cannabis billboards on interstate highways and legislation seeking to restrict such advertisements even further.
- **"Final Form" Definition** - Support Assemblymember Quirk's [AB 290](#), which seeks to amend the definition of "final form" for purposes of cannabis testing to mean a cannabis product in its unpackaged form, thus eliminating unnecessary waste and cost in the supply chain.
- **Cannabis Plant Waste Disposal** - Work with environmental stakeholders to seek legislation similar to [AB 2993 \(Levine, 2020\)](#) to exclude green waste, including cannabis waste, from being classified as hazardous.

For ongoing and updated legislative resources, including our real-time CCIA Legislative Tracker, go to cacannabisindustry.org/resources!