



January 4, 2021

The Honorable Anna Caballero
Senator, District 12
State Capitol, Room 5052
Sacramento, CA 95814

**RE: SB 59 (Caballero): Cannabis: Provisional licenses
CO-SPONSOR/SUPPORT**

Dear Senator Caballero:

The California Cannabis Industry Association and the International Cannabis Farmers Association are pleased to co-sponsor your bill, SB 59, which would extend the provisional license program for cannabis businesses until July 1, 2028.

Prior legislation, [SB 1459](#) (Cannella, 2018), established the provisional license program which permits cannabis businesses to legally operate, under specified conditions, while their local and state applications for annual licenses are pending. SB 1459 specifically provides that cannabis businesses may only qualify for a provisional license if they can demonstrate that California Environmental Quality Act (CEQA) compliance with a local jurisdiction is underway. A subsequent trailer bill, [AB 97](#), was enacted in 2019, which extended the provisional license program for an additional two years to January 1, 2022.

Approximately 75 percent of the State's commercial cannabis licenses are provisional because cannabis businesses and jurisdictions alike are trying to manage CEQA compliance. Currently, the State requires that each applicant be subject to a site-specific CEQA analysis to qualify for an annual license. The timelines and expenses associated with achieving the site-specific analysis are significant and have been exacerbated by the COVID-19 pandemic. Delays threaten to shorten the approved environmental "work season" available to applicants who are required to conduct biological studies and land-use upgrades to achieve CEQA compliance. Additionally, local jurisdictions have been forced to postpone work impacting the agendas and timing of city councils and county supervisors. Local jurisdictions engaged in conducting CEQA analysis for applicants, as well as those still engaged in finalizing CEQA compliance of local ordinances have found it exceptionally challenging to make progress moving forward.

Absent an extension of the provisional license program, the risk to California's legal cannabis market is significant. If provisional licensees fall out of the legal marketplace, existing businesses will be left with few options, including moving to the illicit market or shuttering operations. This will decimate the critical progress made by the State and local jurisdictions to bring the industry into compliance thus far.

SB 59 will prevent costly disruptions in compliant business activity and will ensure that cannabis businesses continue on a path to achieving full CEQA compliance. As a direct result of the continuation of business, the State will continue to receive much needed cannabis tax revenue, and maintain a stable regulated supply chain, so that both patients and consumers continue to have access to safe, compliant cannabis and cannabis products.

For the reasons stated above, the California Cannabis Industry Association and the International Cannabis Farmers Association are pleased to co-sponsor SB 59 and thank you for authoring this critically needed legislation.

Sincerely,



LINDSAY ROBINSON
Executive Director
California Cannabis Industry Association



KRISTIN NEVEDAL
Board Chair
International Cannabis Farmers Association