

HUMBOLDT COUNTY

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GROWERS ALLIANCE

the terpene tribune

Autumn Newsletter

November 2021

Issue 2

WATER CONSERVATION AND LAND STEWARDSHIP



Photo credit: **Joey Burger**

Welcome to the Humboldt County Growers Alliance, your cannabis trade association.

The Government Affairs Program unites our member's interests into strategic policy priorities and advocacy action plans. The Market Development Program works to secure county resources to implement a place-based export branding, promotional, and marketing strategy for Humboldt's cannabis industry. Finally, the Education Program empowers members with the best available and current information, peer-to-peer networking, and communication opportunities. Together we work to preserve, protect, and enhance Humboldt County's world-renowned cannabis industry. This issue of our quarterly newsletter, the Terpene Tribune, provides you with an overview of the work completed on behalf of Humboldt's cannabis industry as well as articles to help your business plan for a future with increased water conservation and climate resilience.

Terpene profile: caryophyllene: peppery

The terpene caryophyllene is present in many herbs and spices, including black pepper, basil, and oregano, and cannabis strains with high levels of it deliver a spicy, funky warmth to the nose, similar to cinnamon and cloves. Many carry prominent notes of diesel and fuel that are known to cause the same nose-tingling bite associated with taking a whiff of pepper.



Office & Mailing Address:
427 F Street, Suite 213
Eureka, CA 95501
707-599-6670
www.hcga.co

Staff:

Natalynne DeLapp
Executive Director

Ross Gordon
Policy Director

Alegria Sita
Membership Coordinator

Aleksa Cvejić
Creative Direction

Board of Directors:

Kaylie Saxon
Chairwoman, Forbidden Fruit Farms

Scott Davies
Treasurer, Flower Co., Humboldt Legends & Winterbourne Farms

Stacia Eliason
Secretary, Bear Extraction House, Peach Tree and Cedar Creek Farms

Aaron Lieberman
Director, Paradise Mountain Farm

David Dickinson
Director, Woody Ridge Farm

Real Talk

The shadows grow long, cool winds blow, and rain returns, bringing the refreshing feel of autumn and harvest. And yet, this year, unlike years prior, brings significant market volatility and uncertainty to our community. We knew there would be a future with large-scale production and statewide competition, but few expected it to hit when it did. As a result, anxiety punctuates our daily business and personal lives. It is painfully evident that our cannabis industry needs immediate relief in the form of improvements to local and state taxes and policies.

HCGA is listening and working for you. We're collectively discussing problems in our weekly Industry Affairs Calls and online member communication platform and actively identifying solutions. Community organizing works. Through our Government Affairs Program, we bring attention to the issues to local, state, and national media, and we pressure decision-makers to make policy changes. Your phone calls, letters to the County Board of Supervisors, and showing up at public hearings secures results.

We've secured the following local policy changes this summer:

- No financial penalties for late Measure S tax payments through May 31, 2022.
- Increased access to on-farm trimming.
- More time to complete county compliance agreements.
- You can pay fees and invoices from Planning & Building for past cannabis permitting costs by applying for the Project Trellis Equity Grant.
- Planning & Building is developing Measure S tax incentives for water and solar systems.
- Prevented the county from curtailing planting for cultivators who rely on groundwater after August 11.

At the state level, we've secured:

- The ability for cultivators and manufacturers to provide trade samples through the supply chain without using an outside distributor.
- Extension of the provisional licensing program through January 1, 2026.
- A phase-out of new, large provisional cultivation licenses, that prevents cultivators over one acre from obtaining a new provisional license after January 1, 2022.
- The ability to transfer immature plants between licenses held under the same ownership.
- Legislation to prevent high-THC and psychoactive products from being sold as "hemp."



Upcoming in 2022, we will:

- Eliminate the state cultivation tax. HCGA will work with legislators, the Governor's office, and stakeholders to secure necessary tax relief ASAP.
- Provide a mechanism that enables cultivators to fallow their crops by marking one or more state licenses inactive.
- Implement state Appellation Program.
- Secure state regulatory changes. HCGA has submitted a list of requested state regulatory changes to the DCC.
- Advance federal legalization and interstate commerce that reflect the needs of Humboldt's cannabis industry.

In 2016, HCGA was formed as an organizing tool to advance policies that preserve, protect, and enhance Humboldt County's world-renowned cannabis industry and push back against policies that subvert your small and independent cannabis businesses. We are here, five years later, at an inflection point. It is our choice to stand bravely against venture capital-backed corporate interests, unwilling to back down despite overwhelming odds. We believe in your resilience and determination, and we are willing to keep holding the line if you are. If you're staying in the game, we ask you to dig deep and find a way to renew your membership dues. We will work with your budget to find solutions. Together we are the Rebel Alliance.



Mattole Valley Sungrown

Getting Back to Our Roots

Water Conservation through
Regenerative Farming

by **Alegria Sita**
HCGA Membership Coordinator

Suppose we understand that water is life, and that water resources have become scarcer. In that case, the question is then, what can we do to ensure that our livelihoods and rural lifestyles are resilient to increased pressure from drought and climate change?

As a cannabis cultivator in California, you are already incorporating more water conservation practices than any other type of commercial agriculture producer in the state! Yet, when we read the news or listen to a public hearing, people are quick to vilify and blame the cannabis farmer for the lack of water in our streams and rivers and the devastation of our salmon. Never mind that many Northern California river veins are drained and diverted to the Central Valley for much thirstier corporatized and subsidized crops.

Even though we understand that Humboldt's cannabis industry is not to blame for all the ills of the watershed, it is our responsibility to voluntarily adapt and evolve our business models and practices in ways that will allow us to be more climate-resilient.

In this article, you will read tips, techniques, and strategies from local farmers to improve water conservation on your farm. Together we can grow the best environmentally & socially conscious cannabis in the world.



Briceland Forest Farm

Daniel Stein of Briceland Forest Farm recently shared some of his concerns, strategies, and techniques regarding water conservation. Briceland Forest Farm is a small multi-generation diversified market farm and homestead that produces award-winning, regenerative vegetables, and cannabis.

“Climate change is real. It’s going to get worse before it gets better,” asserts Stein, further suggesting that the issue is not just relevant to farming, but rather, all-encompassing in lifestyle, “You need to think about what you can do for water conservation beyond your cannabis grow.”

Stein noticed that the ground beneath his garden beds was unusually dry by the time he started irrigating this season, “We aren’t getting our [usual] annual rainfall... we’re starting our season at a deficit.” He was using twice as much water as he usually would to keep his crops saturated, and already (in August), his farm was out of water. Daniel is concerned that he may need to decide between which crops he’ll continue to grow in the future, and he may even need to discontinue his weekly trips to farmers market earlier in the growing season. He encourages others to consider their cultivation to water availability, “Don’t grow if you can’t water it.”

Among the many strategies and techniques to conserve water and maximize production, Briceland Forest Farm utilizes mulching, drip irrigation, and ongoing water system management, ensuring no leaks. They apply deep watering once a week vs. more frequent shallow watering so their plants’ roots will grow to find water. They water more while plants are younger, tapering off into the season to use less water. No-till soil management plays a significant role in their farming techniques. No-till ensures their beds hold more water and provide a home to more worms and in-tact fungal colonies, which equals savings in carbon and biology and preserves the nutrient-dense soils to reap the dividends over the growing season.

When it comes to lifestyle, Stein poses the question, “Is climate change part of what you are trying to mitigate with your practices? Are you shipping straw from the central valley to cover your beds? Consider the carbon footprint [of your farming practices]. We can mitigate the effects of climate change with the choices we make every day. None of us are pure, even if we’re certified as such.” Stein acknowledges as he notes that the air conditioner he runs for drying his dep harvest is run with solar to offset the footprint of running an air conditioner. “As humans, store water and need less water. As land stewards, restore your forests. As communities, we need to do the large-scale projects that help our creeks/forests adapt to changing climate.”

“Is climate change part of what you are trying to mitigate with your practices?” - Daniel Stein

Wendy Kornberg is CEO and Founder of Sunnabis, a family-owned organization all about positivity. For Kornberg, this means focusing on what we can do to impact our lives [and our farms] positively, “the state that the world is in is incredibly volatile, chaotic, and depressing, and I want to be mindful to stay positive and offer solutions.”

In regards to water usage, Kornberg recognizes that often there is a tendency to overwater plants. “Learning how to monitor water usage is important, and not trusting timers or assuming that every plant needs a gallon of water per day. That’s not necessarily true if you have small plants compared to big plants.”

One of the regenerative strategies Sunnabis uses to increase drought resistance in their plants is Korean Natural Farming, also known as KNF, which emphasizes soil health, more specifically, diversifying microbial populations and fungal dominance in the soils. Kornberg explains, “when those things are happening in conjunction, our plants and our soil microbiology are talking and working together better, and when you have a healthier, stronger plant, it can withstand stresses better. In addition, regenerative farming practices are directly linked to reduced water usage. The more regenerative we are, the healthier our soil is, the healthier our plants are, and the healthier our plants are, the less water they need. We need to get back in touch with our soil. Not just growing things, but growing the things under the ground.”

In KNF, collecting indigenous microorganisms comprise about 80% of why KNF works. “Using a substrate (generally rice) in a box, placed in an undisturbed location in the forest where the soil is fungally dominant and exponentially diverse in microbiology. We’re collecting all of that fungal diversity (fungi, terrestrial yeast, and bacteria), which will inoculate up into the rice substrate. We then create a shelf-stable version of that by mixing it with brown sugar and putting the fungi into a dormant state, or ‘sugar coma.’ We gather collections from different places in the forest at different times of the year. We combine these collections with a third substrate to inoculate our garden. KNF introduces happy microbiology, which becomes more self-sustaining, no matter what happens with the weather or environmental conditions. We get to let it do its thing. We get to let nature run its course.”

Kornberg muses about how KNF is equally beneficial to us, “The best part about KNF is that it is all meant for human health as well. Everything that I make for my garden is completely healthy for me too. I boost my immune system with it. I can take what I’m making for my plants: fermented fruit juices, lactobacillus, water-soluble potassium, etc.”

Kornberg urges all growers to get out of pots, get into the ground, and build healthy soils. Aside from potted plants requiring more water, a minimum of 65 gallons of earth is needed to create a healthy, functional soil web.

“It’s hard to keep a living soil system going when you’re in 5 gallons of soil. Build your soil’s microbiological diversity. The soil is the gut of our entire system.”

-Wendy Kornberg



Briceland Forest Farm

Joey Burger is the Director of Permaculture at Heartwood Mountain Sanctuary. He offers regenerative farm certifications through Dragonfly Earth Medicine and workshops in permaculture practices. The primary principle of his work emphasizes “stacking functions” to simultaneously achieve various goals with one’s efforts. His techniques and strategies for regenerative farming maximize efficiency while building nutrient-rich, biologically diverse soils, preventing fire through fuel reduction, and conserving water on farms.

Burger offers six effective strategies upon which to build regenerative, environmentally conscious, and sustainable cannabis.

Six Strategies to Improve Water Conservation

■ Hugelkultur

Hugelkultur is building soil by building beds with wood (or carbon) at the bottom of the bed, covered with nitrogen (grass, manure, alfalfa), and then covered with soil. This practice originates from Germany and Eastern Europe. It stacks the functions of using available, on-site resources like dead wood, limbs, and cuttings obtained from clearing defensible space around houses and gardens, repurposing them to return nutrients to your garden beds, building healthy, vibrant soils. Hugelkultur beds absorb the rain, breaking down the stored carbon, thereby making nutrients available to plants. Hugelkultur also extends the growing season by generating heat to plant earlier in spring and continue growing later in fall.

■ Swales and Berms

A vegetated swale is a grass-lined depression that slows down runoff water velocity and infiltrates the water into the soil. Berms are low earthen walls adjacent to ditches that can be used to help retain runoff in a designated area along the downhill side of the location. Swales can be built horizontally on the contour of the land by cutting a ditch into the soil, laying wood (from cleared debris) in the ditch, then covering it with soil. Swales will attract native plants, grasses, bushes, and trees and mimic natural systems in nature while increasing water retention on the land.

■ Microbial Inoculants

It is imperative to add microbial inoculants to one’s soil. Jadam microbial solutions (JMS) liquid microbial solution used as a soil drench. Essentially we are feeding the soil, not the plants. We are actually in the business of farming billions of billions of microbial critters.



HCGA at Alpenglow

■ Mulching

Mulching is the covering of garden beds with organic debris. It serves as a layer of insulation for the soil, increasing moisture retention. It also attracts worms, which breaks down the mulching medium, returning the nutrients to the soil with nutrient-rich worm castings. Cannabis leaves, alfalfa, rice straws, and branches from small, deciduous trees known as Ramial Chipped Wood (RCW) make fantastic mulch. It’s optimal to use the materials already on one’s property (ensuring organic) rather than truck it in from out-of-area, which may be contaminated with glyphosate. Mulching is used for plants in-ground. Burger recommends getting plants “out of Smart Pots, which are dumb pots, and getting them into the ground. Water leaks right out of pots, the soil temperature is too hot, and you’re left with dead soil, dead biology. You have to feed a lot more because the plants do not have microbes to turn carbon to nitrogen.”

■ Compost Extracts

One of the easiest ways to feed the soil is by adding Compost Extracts. It can be done in 10 minutes by taking bunny manure, compost, castings, and massaging microbes from a tea (no brewing). Just 2 cups per 5 gallons are all it takes.

■ Shade Cloth

Using shade cloth can reduce sunlight by 20-30%. By growing under shade cloth, plants will use a lot less water and become less prone to disease and pests. At extreme temperatures, there is a point where plants go into survival mode. By growing under shade cloth, we provide a cooler climate and protection from extreme direct sunlight, allowing them to thrive. They can perform functions more naturally. Fertilizer bills will go down; you can feed less and water less, while holding more moisture in the soil.

As busy farmers, maximizing our efficiency and outputs is essential while minimizing our efforts by “stacking functions.” Burger recognizes Humboldt’s regenerative cannabis farmers are the “leaders of the regenerative movement with cutting edge technology and techniques.”

“(get plants) out of Smart Pots, which are dumb pots, and getting them into the ground.”

-Joey Burger

We see you Humboldt cannabis farmers. While many throughout our state seek to scapegoat, vilify and point the finger at the cannabis industry for the current state of our water issues and climate calamities, we see your efforts to farm responsibly and with integrity. Keep on keeping on. We applaud all you do to advance sustainable and regenerative agricultural techniques while stewarding the land you cultivate. Thank you.

HCGA at Alpenglow



Photo credit: Joey Burger



Groundwater, Drought, and Water Scarcity

by **Natalynne DeLapp**
HCGA Executive Director

Drought conditions across the state are increasing scrutiny on water resources; specifically, groundwater wells used to irrigate commercial cannabis crops.

In a paper recently published by U.C. Berkeley, scientists identify that impacts from groundwater wells are “understudied and largely unregulated” outside of priority basins established in the Sustainable Groundwater Management Act.

There is one high-priority groundwater basin in Humboldt County, the Eel River Valley Basin, which includes the areas around the mouth of the Eel River and extends east through Hydesville and Carlotta.

A major source of uncertainty for scientists related to reliance on groundwater by cannabis farms in California is the extent to which well use threatens streamflow and sensitive and endangered species. The authors of the paper conclude that “more research is needed to understand where wells are located relative to streams and the contexts in which groundwater withdrawals cause streamflow depletion.”

Since 2016, Humboldt County has received 1,246 applications for well drilling permits. At present, wells determined to be “non-hydrologically connected” are, therefore, “non-jurisdictional” with the State Water Board and Department of Fish & Wildlife. However, recent groundwater lawsuits (not related to cannabis) in Siskiyou and Sonoma counties, plus studies like the one from U.C. Berkeley, are changing how Planning & Building Departments (across the state) issue groundwater drilling permits for cannabis and other commercial uses.

In response to local drought conditions, in May 2021, the Humboldt Board of Supervisors convened a Drought Task Force. In July, the Task Force brought recommendations to the Board of Supervisors to curtail cannabis cultivation after August 13th for operators who rely on groundwater. Watchful eyes at HCGA saw this recommendation and alerted our members, who in turn called their supervisors to express their concerns over this suggestion.

On the day of the hearing, Planning Director John Ford rolled back the Drought Task Force’s recommendation. “The county doesn’t want to cause financial harm or single out the cannabis industry,” Ford said. “The fact of the matter is cannabis is the most highly regulated agricultural crop that exists in California.”

Director John Ford said the Drought Task Force is developing a better regulatory scheme for permitting future wells. “The first phase is to address pending well permits that are already in process and to ensure concerns related to existing wells are adequately addressed, Ford said. The second phase will be a short-term study of all existing permitted wells and where they’re drawing from. Then, the long-term final phase will be a series of studies to answer the questions that are raised as part of the second phase.”

It is important to remember that Section 55.4.5.10 of the county’s Commercial Cultivation Land Use Ordinance (CCLUO) says the county can reduce commercial cannabis activity during times of drought, as does state law.

In the coming years, expect new scientific studies that show the interplay between groundwater and surface waters. Those studies and future legal precedents may impact local, state, and federal water policy. Legally sourced and stored water may be one of the most secure and reliable sources of irrigation for commercial cannabis.



HCGA at Mattole Valley Sungrown



HCGA at Alpenglow



Sunrise Mountain Farms

Q&A on Cannabis and Water

Times-Standard Interview with
Natalynne DeLapp

Cannabis Research Center and adjunct fellows at the Public Policy Institute of California's Water Policy Center found permitted cannabis farmers are consuming less water than previously thought, what do you think?

Finally, I think some people have an idea that cannabis is a particularly thirsty plant, and it's never been true. Now that we're a few years into legalization and have more data, it's good to see that reflected in the academic research.

Are cannabis plants thirstier than other agricultural products? The researchers equated the plant's water consumption to a tomato plant.

We'd agree with the researchers - cannabis is about as thirsty as other agricultural products per unit of area, but as the researchers point out, it's also grown on much, much smaller scales. The average size of a Humboldt cannabis farm is half an acre, and the median size of a Humboldt cannabis farm is a quarter of an acre. Most other agricultural products are grown on scales of hundreds or thousands of acres per farm. Add it all up, and we've estimated that a single large almond farm in the Central Valley utilizes 33 times more water than all permitted Humboldt cannabis farms combined.

Another way to look at thirstiness is to consider how much output is produced by a single gallon of water. For other crops, like tomatoes, lettuce, or almonds, a gallon of water produces between a tenth of a cent to 2 cents of value in yield. For cannabis, a gallon of water produces nearly \$7 worth of value. In that sense, cannabis is by far the most water-efficient agricultural product in California.

Has legalization helped reduce the crop's impact on local and state water sources?

Yes, people may not realize just how tightly cannabis water usage is regulated on permitted farms. Every cannabis farmer in the state is prohibited from stream diversions during dry summer months, and in most cases, farmers either store water during the winter months for use in the summer or utilize groundwater.

Given the changing climate, it is expected that drought conditions may persist for years into the future, how do you think Humboldt's cannabis industry can respond?

As drought conditions persist and intensify, we view the widespread adoption of decentralized water storage as the single most essential tool in promoting long-term sustainable water usage in cannabis agriculture. Widespread adoption of decentralized water storage is attainable with a combination of public incentives and private investment. With expanded access to tax breaks and grant incentives and streamlined permitting for ponds and hard-tank storage, we believe it is possible for cannabis farmers to rapidly adopt significant increases in water storage over the short and medium-term.

Project Trellis Success Story: Sunrise Mountain Farms

by Alegria Sita
HCGA Membership Coordinator

We are delighted to hear that Project Trellis funds are rolling out. We sat down with Lorelie Sandomeno of Sunrise Mountain Farms, who is the recipient of three different grants through the Project Trellis Micro-Grant and Equity Program.

Sandomeno had never applied for grant funding before. Nevertheless, she decided to apply for \$10,000 in the first round of Trellis funds in December 2019. To put forward her best effort, she enlisted the support of a friend with grant-writing experience, "It's like coming up with a mini-business plan to meet application deadlines and criteria. It requires hours of dedicated time to write these grant proposals. We wrote a lot on the history of our farm, our regenerative farming practices, and our business goals. We told the story about our brand to provide background and understanding of who we are, what we're doing, why we're doing it, and what our goals and vision are."

Sandomeno applied for monies to support the costs of relocating one of their outdoor gardens to a new site on their property and increasing their water storage to meet the required conditions of approval. Sandomeno's grant was ranked #5 out of over 80 grant applications. The funds were used to cover the costs of building materials and companion plants and purchase two 5,000 gallon poly water tanks.

Round two of Project Trellis launched in December of 2020. With the success of her first grant award under her belt, Sandomeno decided to apply for an additional \$10,000 grant, this time to offset the costs of a 140,000-gallon steel water cistern. "We secured the price of our tank in January, and we are so glad we did. Within this last year, with Covid and the rising cost of materials, the same tank now costs double what we paid for it last year."

Sunrise Mountain Farms was successfully awarded the \$10,000 Project Trellis funds for round two, this time ranking #1 out of over 50 proposals.

"While \$10,000 is a drop in the bucket, it's hugely helpful. We would not be able to move forward with the project if we had not received funding from Project Trellis to help with the expense, especially now while the cannabis market has taken such a dive. The business cannot sustain some of the expenses it was able to sustain a year ago. We are very grateful," reflected Sandomeno. "We've also applied for additional grant monies through the noncompetitive equity grants. We just learned that we have been awarded these equity funds, and we will also put these funds towards increasing our water storage capacity." Now that Project Trellis is underway, our industry is reaping the benefits of the program. "The Humboldt County Economic Development Department has been very helpful in assisting us through the [grant] processes," states Sandomeno. "The first year, the funding took a long time to come through since it was a new program and they were figuring out the complexities... but since Economic Development Specialist Peggy Murphy came aboard, there is an ally for award recipients. The grant funding they are providing is helping farmers meet their conditions of approval, realize their goals of having functional and permitted farms, and assisting us to stay in business. The continued operation of this program can provide the necessary support for Humboldt County's cannabis economy to remain relevant and competitive."

Sunrise Mountain Farms



An update on Cannabis Administration and Opportunity Act

With wholesale cannabis prices plummeting, and California's oversupply crisis getting worse by the day, federal legalization and interstate and international commerce are emerging as some of the most important policies with the potential to impact Humboldt County licensees. On July 14, the U.S. Senate took the biggest step yet towards that goal with the introduction of the Cannabis Administration and Opportunity Act (CAOA), a detailed, 163-page bill to legalize and regulate cannabis at the federal level.

The CAOA promises to remove federal criminal penalties for cannabis, expunge federal cannabis convictions, provide access to banking, remove the applicability of IRS 280E, provide a pathway towards interstate and international commerce, and direct cannabis tax revenue towards communities most impacted by the War on Drugs – and it does, in fact, do all of those things. If the cannabis community has learned anything from Proposition 64, though, it's the importance of reading the fine print. And if the goal of cannabis legalization is to prioritize equity, small business, and communities impacted by the War on Drugs, then issue of corporate consolidation and regulatory overreach needs to be addressed head-on; and on that point, the CAOA is far from where it needs to be for small farmers and other independent businesses.

Start with the tax structure. Federal taxes would begin at 10% in the first year of legalization, and increase to 25% by the fifth year, before being converted to a weight-based tax per ounce. "Small producers," which the bill defines as having less than \$20 million in annual revenue, would be eligible for a tax credit to reduce their tax by half, to a cap of 12.5% after five years. Compare those tax rates to wine or beer, where the federal government taxes the smallest businesses at less than 1%. Moreover, the proposed federal tax would be levied on producers (whether that means nurseries, cultivators, processors, manufacturers, or distributors is still unclear), replicating many of the existing problems with the California state cultivation tax.

The idea that cannabis cultivation is agriculture is also strangely absent from the proposed legislation. While the Food and Drug Administration (FDA), which regulates food and pharmaceuticals, is given broad authority throughout the bill, the U.S. Department of Agriculture (USDA) is never mentioned. One particularly concerning provision – Section 1105(c) – would explicitly define cultivation as "manufacturing," and direct the FDA to enforce Good Manufacturing Practices (GMPs) on cannabis cultivators. Other "traditional"

agriculture, by contrast, including hemp agriculture, is GMP-exempt and not regulated by the FDA.

Despite these red flags, there's some reasons for optimism. Parts of the CAOA do attempt to address issues related to corporate consolidation and market power, including a proposed ban on purchasing shelf space at dispensaries. And unlike the MORE Act – a federal legalization bill that passed the House of Representatives last December, less than two weeks after a range of last-minute amendments – the CAOA was released as a "discussion draft," inviting broad public input into the bill's proposed details, and opening the possibility that many problematic provisions in the bill could still be revised.

In response, on August 31, HCGA and a coalition of trade associations in other California legacy producing regions submitted eighteen pages of comments to the Senate on the CAOA. HCGA's policy comments emphasize treating cannabis as agriculture, exempting the smallest businesses from federal taxation, and establishing federal protections for appellations and county of origin, among a range of other issues. HCGA is also working to advocate directly with federal policymakers to establish a federal policy framework that works for small producers. Other cannabis advocacy organizations, including the National Cannabis Industry Association (NCIA), have also submitted comments that emphasize the importance of a federal policy framework that works for small and independent businesses.

How quickly could the end of federal cannabis prohibition become a reality? On its current timeline, it seems unlikely the CAOA could receive a vote in the U.S. Senate before the summer of 2022, and there are strong reasons to believe that we're still two to three years from full federal legalization. What's clear from the CAOA proposal, though, is that the details of a federal cannabis framework are being negotiated now – and that conversations happening today are likely to influence the trajectory of federal cannabis policy in 2023 or 2024. As federal policy discussions move forward, HCGA is committed to working in partnership with our allies to advocate for a policy framework that keeps economic justice at the forefront of the conversation, and that provides real opportunity for Humboldt's world-renowned small and independent producers.

DCC Cannabis Regulations

HCGA's advocacy work is carried out at multiple levels, including county policy, state regulatory policy, state legislative policy, and federal policy. Many of the biggest issues in California cannabis – including tax reform, direct-to-consumer sales, and limitations on large-scale cultivation – are mostly

decided by the state legislature. Many other policies, though – especially the ones that govern day-to-day operations for most cannabis businesses – are handled at the regulatory level by the Department of Cannabis Control.

In late 2020, state cannabis regulators began to signal that they would reconsider state cannabis regulations sometime in 2021, and so HCGA held a series of membership working groups in winter of 2020 to develop a comprehensive platform for the reform of state cannabis regulations. On September 8th, the newly-formed DCC took the first step towards that goal by releasing a new set of emergency regulations affecting cannabis businesses.

The proposed regulations included some encouraging steps forward, and also some concerning steps backward. On the positive side, the proposed regulations enacted several long-standing HCGA priorities, including creating a compliant pathway for business-to-business trade samples; allowing each lot of 100 immature plants to receive a single UID tag, assuming each lot is separated from other lots by a physical barrier; and removing restrictions on product returns between businesses.

As proposed, though, the emergency regulations also included several worrying provisions. Trade samples were effectively limited to large distributors, with no pathway for small producers, a new \$500 premises modification fee was proposed for cultivators, and an updated financial interest form would have been required to be filed for any contract manufacturing, packaging, or labeling.

On September 20th, HCGA submitted substantial public comment opposing the proposed premises change fee, trade samples restrictions, and other concerning provisions. When final regulations were published a week later, the DCC withdrew their original proposals and removed each of the concerning provisions, while retaining the positive proposed changes.

Over the next several months, the DCC is likely to propose additional regulatory reforms, and HCGA will continue to advocate on the major priorities identified in our 2020 working groups. Those include establishing a process for fallowing, allowing farmers to openly share seeds and clones, allowing farmers with multiple licenses to utilize the same processing site for both licenses, moving light-deprivation farmers into the "outdoor" tier, streamlining access to transportation licenses, and removing requirements in METRC for wet weight and tagging every plant.

2022 is likely to see substantial changes to state cannabis regulations, and HCGA will continue to fight to ensure that these regulations reflect the needs of Humboldt's small and independent cannabis businesses.

Update Project Trellis' Humboldt County Cannabis Branding & Marketing Initiative

On September 19, 2021, Humboldt County's second Project Trellis Marketing Request for Proposal (RFP) process closed without awarding a contract. HCBDC + HCGA + Iconic was the only organization to submit a proposal. The Humboldt Community Business Development Center (HCBDC) is a partner organization with HCGA. It is a 501(c)3 nonprofit charitable organization that works for the greater good of Humboldt's entire cannabis industry.

The core of our proposal includes a holistic strategy based on building a regional brand identity for our unique specialty cannabis products that are tied to place and strong organizational structures with equitable and representative decision-making through a farmer-elected marketing committee. HCBDC + HCGA would partner with the marketing firm Iconic Collective to carry out the community's goals. Iconic brings their team and wheelhouse of experience and professionalism to complete our deep connection to the Humboldt community and cannabis industry. You can review our proposal at www.hcga.co/collectivemarketing.

On September 1, 2021, the Project Trellis Committee recommended moving forward with "sole-source contracting" with HCBDC to fulfill the marketing program. A couple of people raised questions regarding HCGA's relationship with HCBDC. They asked whether or not there may be a "conflict of interest" because HCGA wrote the Humboldt County Marketing Assessment. Out of an abundance of caution, the county chose to amend and extend the Request for Proposals with a final deadline of November 22, 2021. It is worth noting that the county amended the RFP to allow "Humboldt County-based entities" and is not limiting the submissions to Humboldt-based nonprofit organizations. Now an outside for-profit marketing firm that establishes an office and at least one staff member based in Humboldt will be allowed to apply for the contract to implement a countywide marketing strategy on your behalf. We would like you to know that HCBDC/HCGA is working with the county and a neutral third party, the Fair Political Practices Commission (FPPC), to seek formal advice. The outcome will clarify if there is a "conflict of interest" and whether or not HCBDC/HCGA is allowed to re-submit its proposal.

We are committed to seeing our collective vision through to completion.





SPECIAL OFFER!

\$1 R+D

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SLW combines innovation with the most rigorous science and testing standards in the industry to bring the cleanest, safest cannabis products to market.

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