



April 5, 2023

The Honorable Mike McGuire  
Senate District 2  
1021 O Street, Suite 8610  
Sacramento, CA 95814

**RE: SB 833 (McGuire) Cannabis licensing following program: cultivation licenses:  
reduced license fee - SUPPORT**

On behalf of Origins Council, representing 800 small and independent cannabis businesses in rural legacy producing counties throughout California, we are pleased to support SB 833 (McGuire), which would direct the Department of Cannabis Control to establish a following program which enables cannabis cultivators to temporarily pause or reduce cultivation without threatening their licensure status.

In other sectors of agriculture, farmers commonly adjust their production in response to market and environmental conditions, cutting back during periods of oversupply and expanding in periods of undersupply. Under current state regulatory procedures, however, following is currently not practical for cannabis cultivators. Current state regulations require cannabis cultivators to either renew their state license each year and pay thousands of dollars in annual licensing fees, or to forfeit their license and reapply from square one at a future date.

The effect of the current regulatory structure is to effectively require farmers to grow their full square footage each year, or permanently forfeit their license – regardless of market or environmental conditions that would otherwise lead cultivators to cut back.

SB 833 would enable cultivators to voluntarily reduce or pause their cultivation while paying a reduced licensing fee that corresponds to their reduced cultivation area, thereby providing cannabis cultivators with the same opportunities available to all other agricultural producers.

SB 833's proposed language would also ensure that a fallowing program includes details critical for the program's success within the context of the heavily-regulated cannabis licensing framework. For example, it is critical that cultivators have the flexibility to continue post-harvest processing activities, sales, and maintenance of seeds and immature plant genetics even under a license which is not actively engaged in cultivation.

A fallowing program should also allow cultivators with provisional licenses to continue to pursue annual licensure, pursue available grant funds, account for annual cultivation renewal cycles that often differ from seasonal cultivation cycles by providing for license credits, and provide one-time opportunities for license reactivation for cultivators who previously abandoned a cultivation license due to the lack of a voluntary fallowing option. We appreciate that each of these issues are clearly addressed within Section 26061.5(c) and (d) as written.

Many cultivators have been heavily affected by market volatility, drought, and fire issues over the past several years, and have faced hard choices between abandoning their state licenses, or paying a full state licensing fee for cultivation area not under production. As cultivators face similar challenges in future years, SB 833 would facilitate a resilient and adaptive cannabis supply chain that can appropriately respond to market and environmental challenges.

Sincerely,



Genine Coleman  
Executive Director  
Origins Council



Natalynne DeLapp  
Executive Director  
Humboldt County Growers Alliance



Oliver Bates  
President  
Big Sur Farmers Association



Diana Gamzon  
Executive Director  
Nevada County Cannabis Alliance



Michael Katz  
Executive Director  
Mendocino Cannabis Alliance



Adrien Keys  
President  
Trinity County Agricultural Alliance