July 18, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, 9th Floor
Sacramento, CA 95814

The Honorable Cecilia Aguiar-Curry
Assembly District 4
1021 O Street, Suite 6350
Sacramento, CA 95814

RE: Proposed Technical Assistance on AB 2223 (Aguiar-Curry) Cannabis: Industrial Hemp - OPPOSE

On behalf of Origins Council, representing 800 small and independent cannabis businesses in rural legacy producing counties throughout California, we are writing in strong opposition to proposed technical assistance ("TA") on AB 2223, dated June 28, 2024, that would fundamentally reshape California's cannabis market by removing the requirement that high-THC products sold in the cannabis supply chain are sourced from licensed cannabis cultivators.

In light of Governor Newsom's historic statements supporting California's small and legacy cannabis farmers[1], we call on the Governor to immediately withdraw or substantially amend this

[1] E.g., https://www.latimes.com/california/story/2022-09-22/california-legal-pot-measure-has-not-met-expectations. "Newsom told the farmers that he was sympathetic to their plight and warned that deep-pocketed special interests were already at work in Sacramento. 'I'm in Sacramento long enough to know that the

proposal, and request that the author's office decline to incorporate its problematic provisions into AB 2223.

Our opposition specifically hinges on the framework proposed in Chapters 27 and 28, starting on p. 14 to p. 22 of the TA, which would fully authorize the incorporation of high-THC hemp products within the cannabis supply chain. These provisions propose the single most dramatic alteration to the regulated cannabis framework since the passage of MAUCRSA in 2017: effectively removing the requirement for high-THC products to be sourced from licensed cannabis cultivators, ending the closed-loop supply chain which constitutes the foundation of the Proposition 64 framework, and authorizing the import of high-THC hemp products produced outside California into the California cannabis market.

If enacted, the framework proposed in Chapters 27 and 28 would fundamentally alter the California cannabis market, with catastrophic consequences for California's thousands of small and legacy licensed cannabis farmers who have invested their life's savings into the legal cannabis framework based on an assurance that their investment into permitting, environmental remediation, and compliance would serve as the exclusive pathway to accessing California's legal cannabis market.

To be clear, Origins Council supports provisions in the TA that would restrict the sale of intoxicating hemp products outside the regulated cannabis market. These provisions are contained within Chapter 9 of the TA beginning on page 26, and in our view should be basically uncontroversial *as a standalone measure.* The legislature can, and should, enact these Chapter 9 provisions this session.

Tying Chapter 9's commonsense enforcement provisions to Chapter 27 and 28's drastic alterations to the legal cannabis framework, however, is both unnecessary - the policies are not inherently tied to each other - and inappropriate for a topic of such complexity and impact.

For this reason, our primary recommendation is to simply strike Chapters 27 and 28 entirely, and move forward solely with Chapter 9's restrictions on intoxicating and high-THC hemp products. Any future conversation on hemp integration could then be pursued as a standalone measure.

Alternatively, the negative impacts of hemp integration on small cannabis farmers could be substantially addressed by either 1) regulating hemp and cannabis cultivation at parity as agriculture, or 2) limiting the integration of hemp products and cannabinoids into the cannabis supply chain to non-intoxicating products only. We discuss these potential solutions in more detail at the end of this letter.

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persuasion industry moves it,' Newsom told the crowd. 'Folks with a bunch of money move in, and they're writing those rules and regulations and, with respect, *writing a lot of you guys out.* We cannot let that happen.'"

Below, we further discuss the catastrophic consequences of the TA as currently drafted. We discuss the following issues in turn:

1. Chapters 27 and 28 allow the incorporation of high-THC hemp products into the cannabis supply chain.

2. High-THC hemp products authorized for inclusion into the cannabis supply chain under the TA likely include products that contain chemically synthesized THC.

3. The TA establishes parity between high-THC hemp and cannabis products on the level of the *final form product*, but maintains extreme disparities between the regulation of hemp and cannabis *agriculture*. This lack of parity will have existential impacts for small licensed cannabis cultivators who will be unable to compete with hemp-derived THC produced under a much lighter regulatory burden.

4. Provisions in Chapter 27 allowing for interstate commerce of high-THC hemp products further undermine small cultivators, and contradict the intent of SB 1326 to support populations impacted by cannabis criminalization in interstate commerce.

5. Chapters 27 and 28 are premature with the federal government's position on intoxicating hemp under active reconsideration.

6. As California regulators lobby the federal government to establish a federal regulatory framework for high-THC hemp products, Chapters 27 and 28 set damaging precedent for California's small cannabis farmers in any future federal action on cannabinoid regulation.

7. Chapters 27 and 28 are an inappropriate use of limited DCC resources.

8. There are multiple potential alternatives to the proposed TA that address intoxicating hemp loopholes without undermining licensed cannabis farmers.

1. Chapters 27 and 28 allow the incorporation of intoxicating, high-THC hemp products into the cannabis supply chain.

The TA distinguishes the regulation of "non-intoxicating hemp products" under CDPH starting on p. 26 (Chapter 9) from the regulation of "hemp-derived cannabinoid products" under DCC starting on p. 14 (Chapters 27 and 28).

While "hemp-derived cannabinoid products" are not overtly defined to be intoxicating in the TA draft, it's clear to us in context - and confirmed in conversation with AB 2223's sponsors and the Governor's Office - that "hemp-derived cannabinoid products" are intended to include high-THC hemp products. Further, the TA draft notably excludes existing language in AB 2223 that would establish a 1mg THC cap on all hemp products.

Because the legal analysis fully substantiating this claim is lengthy and technical, and we do not believe this issue is under dispute by the authors of the TA or anyone else, we've chosen not to include such a detailed analysis in this letter. However, if there is a question as to whether the TA allows high-THC hemp products to be incorporated into the cannabis supply chain, we are available to provide an analysis to that effect.

2. High-THC hemp products authorized for inclusion into the cannabis supply chain under the TA likely include products that contain chemically synthesized THC.

Significant amounts of THC in hemp products may be derived from one of two sources: either (a) the extraction and concentration of naturally-occurring THC contained within hemp biomass,[2] or (b) the synthetic conversion of hemp-derived CBD to THC by chemical synthesis.[3] Both pathways are currently being utilized on a wide scale and are commercially viable as a substitute for cannabis-derived THC.[4]

The TA draft contains no restrictions on (a), and we believe it does not contain effective restrictions on (b) either.

On the surface, the use of "synthetic cannabinoids" may appear to be addressed in proposed BPC 26360(b)(3) in the TA, which defines a *"hemp-derived cannabinoid product"* as one that *"does not contain, and is not derived even in part from, any synthetic cannabinoid, as defined by the department in regulation."*

By deferring the definition of "synthetic cannabinoid" to regulation, however - and choosing not to include any statutory definition for a "synthetically derived cannabinoid," such as the one proposed in AB 2223 as written - the TA begs the question of how "synthetic cannabinoids" are defined.

This is a significant question. While it is commonly agreed that cannabinoids not found in any amount in nature - such as K2 Spice or THC-O-Acetate - are "synthetic cannabinoids," legal analysts have also commonly argued that cannabinoids which occur in nature, such as delta-8 or delta-9 THC, are not "synthetic," regardless of whether they're derived from the plant or through a chemical conversion process.[5]

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[2] https://www.linkedin.com/pulse/science-product-makers-hemp-d9-mother-liquor-harold-han-nmbsc?utm_source=share&utm_medium=member_ios&utm_campaign=share_via

[3] https://www.opb.org/article/2022/03/24/states-wrestle-with-chemically-made-thc-cannabis/

[4] https://www.forbes.com/sites/willyakowicz/2024/04/19/the-cannabis-civil-war-hemp-vs-marijuana/, https://www.opb.org/article/2022/03/24/states-wrestle-with-chemically-made-thc-cannabis/

[5] See, for example, one legal analysis here: https://www.cannabisbusinesstimes.com/news/delta-8-thc-tetrahydrocannabinol-ethan-russo-lifted-made-trulieve-alex-buscher-law/. We are further aware of a discussion draft of federal hemp cannabinoid legislation that would explicitly exclude delta-8 and delta-9 THC, however derived, from definition as a "synthetic cannabinoid."

In addition to abandoning AB 2223's much clearer definition of a "synthetically derived cannabinoid" in favor of regulatory deference, the TA would also remove the critical provision BPC 26003(e) in AB 2223 as drafted, which prohibits any form of chemically-converted THC in the manufacturing, distribution, or sale of cannabis products. This subsection has historically been a focus of OC's requested amendments on AB 2223, and its provisions were further strengthened by the Assembly Appropriations committee amendments this year.

While the TA on its face, then, may seem to address "synthetic cannabinoids," in reality the TA draft backslides significantly compared to the clear restrictions on chemically converted cannabinoids which are currently included in AB 2223 as drafted, many of which have been explicitly negotiated with the author and legislature over the past several years.

3. The TA establishes parity between high-THC hemp and cannabis products on the level of the *final form product*, but maintains extreme disparities between the regulation of hemp and cannabis *agriculture*. This lack of parity will have existential impacts for small licensed cannabis cultivators who will be unable to compete with hemp-derived THC produced under a much lighter regulatory burden.

Currently, state law requires that a licensed cannabis manufacturer must source cannabis (and cannabinoids) exclusively from licensed cannabis cultivators: a closed-loop supply chain that ensures that all cannabinoids in legal cannabis products are derived from the licensed market.

Chapters 27 and 28, however, would enable licensed cannabis manufacturers, distributors, and retailers to source high-THC hemp products and cannabinoids from an *unlicensed* entity who is not required to obtain any licensure with the Department of Cannabis Control.

Enabling hemp cultivators to serve as a source for high-THC cannabinoids and products - through either the extraction or chemical conversion pathway described above - would have catastrophic consequences for small cannabis cultivators, given that cannabis cultivators regulated under the DCC are exponentially more highly regulated than CDFA-regulated hemp cultivators. A 2022 DCC report on hemp integration discusses this dynamic in detail[6]:

> *"Licensed cannabis cultivators are subject to more extensive statutory and regulatory requirements at the state level compared to hemp cultivators… licensed cannabis cultivators are subject to a far more rigorous regulatory system that is confined to California; thus, Department licensees may only conduct business with other Department licensees. Regulatory provisions span from requirements about what must and must not be incorporated into a licensed cannabis premises, the size of canopy, cultivation practices including allowable uses of pesticides, and robust laboratory testing for numerous contaminants and substances that can negatively impact human health. The use of a licensed distributor is required for quality assurance review and transportation of cannabis, and outputs may only be sold to consumers by state licensed retailers who are restricted to selling cannabis, cannabis products, cannabis accessories, and branded*

[6] https://cannabis.ca.gov/wp-content/uploads/sites/2/2024/02/dcc_hemp_report_2023.pdf

merchandise. Commercial cannabis license fees are typically higher than those for hemp, and cannabis is subject to taxes inapplicable to hemp. (See Cal. Code Regs., tit. 3, § 4900, et seq and tit. 4, § 15000, et seq.). ***<u>The cost of cultivating cannabis is therefore generally significantly higher than the cost of cultivating hemp.”</u>***

We provide the table below to further summarize some of the relevant differences between the regulation of “hemp” and “cannabis” cultivation:

Regulatory Area	**Hemp Cultivation**	**Cannabis Cultivation**
Regulating agency	CDFA	DCC
Annual licensing fee	$900 regardless of size	$4,820 annually for a quarter-acre outdoor farm; $13,000 annually for a one-acre outdoor farm; greater fees for larger farms or indoor production methods
Federal Legal Status	Federally legal – greater access to banking, insurance, and CDFA and USDA agricultural support programs	Federally illegal – restricted or no access to banking, insurance, CDFA and USDA agricultural support programs
Local land use and CEQA	Legally classified as agriculture and can be directly incorporated under existing local land use designations	Not legally classified as agriculture and subject to expensive site-specific CEQA review and mitigations for each “project”
Local taxation	Not subject to local taxation in any jurisdiction	Subject to local taxation in most jurisdictions
Water policy	Same as other agriculture	Prohibited from streamflow diversions during summer forbearance period, even with a water right that would enable diversions for non-cannabis crops
Regulatory requirements	Single pre-harvest test to ensure plants don’t exceed allowable THC content	Compliance with on-farm track and trace; detailed site map must be approved by DCC (and typically local government), with additional pre-approval for any site changes; frequent inspections from local government, DCC, and CDFW; required surety bond;
Transportation of product	Legal without additional licensure	Requires separate DCC distribution license

Unless and until cannabis and hemp cultivation are regulated at parity, then, there is only one reason to grow heavily-regulated cannabis rather than lightly-regulated hemp, which is that – in

theory – only cannabis, and not hemp, is permitted to contain higher levels of THC for sale into the legal cannabis market.

The TA proposes to remove this singular protection available to licensed cannabis cultivators, and in doing so, would result in catastrophic consequences for small farmers. In Michigan, for example, one cannabis farmer reported a 90% collapse of delta-9 THC distillate prices following a flood of hemp-derived THC into the cannabis market.[7] For California's small cannabis farmers who are already struggling with low prices and collapsing local economies,[8] there is no available margin for market conditions to become even worse. Further, unlike larger or better capitalized cannabis farms, small cannabis farmers have little or no opportunity to either switch into hemp cultivation, or to vertically integrate into manufacturing, distribution, or retail to take advantage of cheaper hemp inputs.

We have occasionally heard claims that small cannabis farmers would not be harmed by the incorporation of intoxicating hemp products into the cannabis supply chain because small cannabis farmers only sell high-value craft flower, and not high-THC biomass. This claim is categorically false. Although many small cannabis farmers do sell higher-value craft flower, *all* cannabis farmers also produce high-THC cannabis biomass as an agriculture by-product, which they then sell as a substantial source of farm income. Companies that have testified in favor of AB 2223 are among those that currently source a significant proportion of THC biomass from small cannabis farmers.

4. The TA's provisions allowing for interstate commerce of high-THC hemp products further undermine small cultivators, and contradict the intent of SB 1326 to support populations impacted by cannabis criminalization in interstate commerce.

BPC 26344 (d)(2) and (d)(3) as proposed in the TA would take the major step of opening interstate commerce in high-THC hemp products, authorizing both the import and export of high-THC hemp products through a licensed cannabis distributor.

Opening interstate commerce for high-THC *hemp* products, while maintaining the prohibition on interstate commerce for high-THC *cannabis* products, specifically excludes and disadvantages small cannabis cultivators. From an export perspective, small licensed cannabis cultivators - unlike licensed cannabis manufacturers and distributors who are authorized to produce and distribute high-THC hemp under the TA - would be locked out of the ability to sell their products out of state.

At the same time, small licensed cannabis cultivators would be required to compete with high-THC products produced from out of state, at much lower cost, which could be imported into the licensed cannabis supply chain for sale at cannabis dispensaries.

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[7] https://www.opb.org/article/2022/03/24/states-wrestle-with-chemically-made-thc-cannabis/
[8] https://calmatters.org/newsletters/whatmatters/2023/02/california-cannabis-emerald-triangle/

By establishing a framework for interstate commerce that excludes small cultivators, the proposed TA would expressly contradict the intent of SB 1326 (Caballero, 2022), the only existing California statute that contemplates interstate commerce of high-THC products. SB 1326 states that *"an [interstate commerce] agreement shall include provisions determined by the Governor to promote the inclusion and support of individuals and communities in the cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization."*

In stark contrast, the TA would establish an interstate commerce framework that specifically *excludes* legacy cultivation communities that have been disproportionately impacted by cannabis criminalization.

5. Chapters 27 and 28 are premature with the federal government's position on intoxicating hemp under active reconsideration.

The loopholes enabling the intoxicating hemp market were established by the 2018 federal Farm Bill, and are now under reconsideration in the upcoming Farm BIll reauthorization which is expected to be finalized in 2024 or 2025. In May, the U.S. House Agriculture Committee voted to approve the so-called "Miller amendment," which would close all loopholes enabling the production of intoxicating hemp-derived products at the federal level.[9]

Subsequently, in July, the House Appropriations Committee approved a similar amendment. The Appropriations Committee amendment, however, also included an additional provision supported by the hemp industry that directs FDA to study the potential of regulating intoxicating hemp products. That provision reads:[10]

> *"Intoxicating Cannabinoids. The Committee directs FDA to evaluate the public health and safety implications of ingestible, inhalable, or topical products on the market that contain intoxicating cannabinoids. The Committee encourages FDA to assert a stronger commitment to identifying lawful federal regulatory parameters that will protect the public health, such as labeling requirements on all hemp-derived products; testing procedures and standards to ensure product compliance and adverse event reporting; packaging requirements to prevent marketing to minors; and mandatory age limits for these products at the point of purchase. FDA should provide a briefing to the committee within 180 days of enactment of this Act on the authorities needed to adequately regulate cannabinoid hemp products, including authorities to support consumer safety."*

Regardless of whether the federal government moves towards the prohibition or regulation of intoxicating hemp-derived cannabinoids, it is premature for California to establish a statutory

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[9] https://www.forbes.com/sites/dariosabaghi/2024/05/24/house-committee-approves-farm-bill-amendment-to-ban-delta-8-thc/

[10] https://www.marijuanamoment.net/gop-led-congressional-committee-approves-bill-to-ban-most-consumable-hemp-products-such-as-delta-8-thc/

framework for the incorporation of intoxicating hemp into the cannabis supply chain when the legal status and regulatory system governing these products are currently under active debate in Congress; a debate which is likely to be settled, at least in the context of the Farm Bill reauthorization, by late 2024 or early 2025, after the adjournment of California's 2024 legislative session.[11]

Rushing to establish a state-level statutory framework for the regulation of intoxicating hemp products by DCC is particularly unnecessary given that the TA proposes to defer implementation of this framework until January 1, 2027.

6. As California regulators lobby the federal government to establish a federal regulatory framework for high-THC hemp products, Chapters 27 and 28 set damaging precedent for California's small cannabis farmers in any future federal action on cannabinoid regulation.

Aspects of the proposed TA appear to mirror advocacy by California regulators at the federal level to develop a unified federal regulatory framework for hemp-derived cannabinoid products.

In September 2023, the Cannabis Regulators Association[12] - a nationwide association of cannabis regulators that includes DCC Director Nicole Elliott as a board member - sent the U.S. Congress a letter lobbying for the Farm Bill to include a number of changes to federal hemp policy.[13]

The letter advocates for a federal definition to be established for "hemp-derived cannabinoid products" - the same construct proposed by the TA - and to establish a federal regulatory structure for cannabinoids (*"identify, authorize, and fund a federal regulator with a background in public health and consumer protection to regulate cannabinoids and cannabinoid hemp products"*). The parameters identified in the letter for this regulation are similar to those proposed by the TA.

In Origins Council's engagement at the federal level, we have often found that the conversation around "parity in regulation" between hemp-derived and cannabis-derived high-THC products often excludes the question of parity in agricultural production. If the federal government were to establish a regulatory structure for high-THC hemp-derived products without addressing the federal prohibition and regulation of cannabis cultivation, this decision would establish an untenable situation for licensed cannabis cultivators at both the state and federal level.

[11] https://www.brownfieldagnews.com/news/a-house-ag-committee-leader-says-no-progress-on-farm-bill-in-the-u-s-house/

[12] https://www.cann-ra.org/

[13] https://static1.squarespace.com/static/5f7e577e23ad7c718c269776/t/65046e14c614b50e07d952c8/1694789140786/CANNRA+Letter_Farm+Bill_Sept2023_FINAL.pdf

The timing of the proposed TA, in conjunction with the participation of California regulators in federal advocacy around hemp-derived cannabinoid regulation, suggests that the TA may function to influence (and not merely reflect) the direction of the federal conversation around hemp regulation. The potential influence of the TA in this respect further underscores the importance of carefully-considered policy that fully includes and supports small cannabis cultivators.

7. Chapters 27 and 28 are an inappropriate use of limited DCC resources.

In discussions with the DCC, we understand that workload, staffing, and resources currently constitute a major challenge for the department.

At the same time as the DCC faces these resource constraints, there are major challenges facing the licensed cannabis market that we believe warrant DCC attention. For example:

- In June, the Los Angeles Times reported on widespread contamination of legal cannabis products sold into California, calling into question the efficacy of existing DCC product safety enforcement.[14]
- DCC has expressed concerns to us that AB 1111, pending legislation sponsored by Origins Council that would address the crisis facing craft cultivators by enabling small farmer sales at licensed cannabis events, would require an expenditure of limited DCC administrative resources.
- AB 2888, legislation which would have addressed the debt crisis in the California cannabis market[15] by establishing a credit law, was held in Assembly appropriations committee this year, presumably due in large part to the administrative resources required to implement a credit law enforcement program.
- Our members have reported significant delays in DCC processing times, particularly in relation to amendments to existing licenses.

In this context, DCC has explained that the integration of hemp into the cannabis supply chain would constitute a major investment of time, resources, money, and staffing. The Assembly appropriations analysis of AB 2223 states:

> *"DCC anticipates one-time and ongoing costs in the millions of dollars (Cannabis Control Fund). DCC identifies the following costs to implement this bill: substantial regulatory modifications, reconfiguring the track-and-trace system to track hemp in the supply chain, and possible changes to the cannabis licensing framework. DCC would need to add staff to scale up testing capacity and increase the capacity to conduct onsite inspections of co-located cannabis and hemp manufacturing premises, and to expand the product safety and recall program due to the expanded scope of permissible*

[14] https://www.latimes.com/california/story/2024-06-14/the-dirty-secret-of-californias-legal-weed

[15] https://mjbizdaily.com/california-cannabis-companies-hire-credit-group-to-monitor-retailers-over-unpaid-invoices/

products. DCC states it would need an infusion of support for increased overall enforcement demands associated with allowing hemp to enter the cannabis supply chain under specific circumstances."

The DCC's hemp integration report[16], published in 2022, elaborates further:

> *"If California chooses to allow hemp into the commercial cannabis supply chain, irrespective of which approach California adopts, implementation will likely require significant time and resources.*
>
> *As the statutory and regulatory provisions for hemp and cannabis currently reflect two separate systems and supply chains, the first step in this process must be for policy makers to identify a more specific policy direction, which will in turn inform the development of necessary statutory changes. Once these statutes are enacted and necessary funding is appropriated, the Department would engage in extensive programmatic development, including engaging in state contracting processes that would likely implicate current contracts when feasible and new contracts when necessary to implement specific mandates, including modifications to the CCTT system and possibly the Department's licensing systems.*
>
> *To develop regulations, the Department would need to engage with stakeholders before beginning the rulemaking process to ensure their input is appropriately considered in the further refinement of any policy mandate. Regulatory efforts often take no less than a year from the date the public comment period commences. Changes in the requirements for cannabis licensees would necessitate re-training of Department staff related to new processes and procedures resulting from the inclusion of hemp, changes in licensure requirements, and revised protocols for inspections, investigations and determinations related to compliance with the new laws. In addition to re-training current staff, the Department would need time to complete the state hiring process and train new employees to assist with the increased workload. Therefore, the Department anticipates it would take several years to comprehensively incorporate hemp into the commercial cannabis supply chain once statues are enacted."*

With multiple other priorities vying for attention in a limited-resource environment, we do not believe a multi-year prioritization of substantial resources for Chapters 27 and 28 can be justified.

8. There are multiple potential alternatives to the proposed TA that address intoxicating hemp loopholes without undermining licensed cannabis farmers.

The concerns identified above can be largely or entirely addressed through multiple alternative approaches:

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[16] https://cannabis.ca.gov/wp-content/uploads/sites/2/2024/02/dcc_hemp_report_2023.pdf

- **Strike Chapters 27 and 28, while retaining Chapter 9.** As discussed above, tightening regulation and enforcement on the existing intoxicating hemp market - as proposed in Chapter 9 - does not require the integration of hemp into the cannabis supply chain as proposed in Chapters 27 and 28.

  We believe it is unnecessary and inappropriate to leverage the passage of Chapter 27 and 28's complicated and impactful provisions by pairing them with Chapter 9's commonsense regulations, particularly when Chapters 27 and 28 are not proposed to be implemented until 2027. Passing Chapter 9 in the 2024 legislative session, without the complication of Chapters 27 and 28, would enable a much-needed focused conversation on the details of hemp integration in future legislative sessions.

- **Regulate commercial cannabis and hemp cultivation at parity as agricultural activities, and remove the provisions of Chapter 27 and 28 that enable import and export of intoxicating hemp products until cannabis interstate commerce is legalized.** As discussed throughout the letter, the impacts of integrating high-THC hemp into the cannabis supply chain are inextricably tied to the lack of parity between cannabis and hemp cultivation. If cannabis cultivation were regulated as agriculture, with the same regulatory requirements as hemp cultivation, cannabis cultivators would be able to compete on a level playing field with hemp cultivators and hemp integration would not unfairly disadvantage cannabis cultivators.

  Because Farm Bill loopholes currently enable interstate commerce in high-THC hemp products - while federal prohibition restricts the interstate commerce of cannabis products - this approach would also require removing the provisions of the TA that enable hemp interstate commerce unless and until cannabis interstate commerce also becomes authorized.

- **Retain Chapters 27 and 28, but modify them to prohibit the inclusion of both intoxicating hemp products and cannabinoids into the cannabis supply chain.** In effect, this approach would limit the integration of hemp into the cannabis supply chain to non-intoxicating products and cannabinoids (e.g. CBD) only. While conceptually viable, significant technical work would be required to ensure that these restrictions on intoxicating hemp are adequately defined and enforced.

For the reasons identified here, we strongly oppose the proposed TA. We hope to work with you to pursue constructive alternatives to address the intoxicating hemp market and protect California's small cannabis farmers.

Thank you for your consideration,

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Cc: Assembly Speaker Robert Rivas
Assemblymember Buffy Wicks, Chair, Appropriations Committee
Assemblymember Marc Berman, Chair, Business and Professions Committee
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