



Origins Council Comments on Implementation of SB 1064 (Laird)

Date: November 14, 2024

On behalf of Origins Council, we appreciate the opportunity to provide input on the implementation of SB 1064 (Laird), legislation which would establish a “combined license” type authorizing multiple commercial activities under a single, annually-renewed license.

As outlined in our [August 23 letter to the legislature](#), we strongly supported SB 1064, and were grateful to see this legislation signed by the Governor in September. As the DCC considers implementing this legislation, there are several details that we hope the DCC will consider to maximize the benefits of this legislation, falling under two categories: 1) facilitating transition of existing licenses to a combined license, and 2) maximizing functionality of a combined license type.

For clarity, throughout this letter, we use a hypothetical example of a licensee, “XYZ Farms,” who is in the following situation:

- They last renewed an outdoor cultivation license on April 1, 2024, and paid the \$4,820 annual licensing fee.
- They last renewed a Type 6 manufacturing license on July 1, 2024 and paid the \$2,000 annual licensing fee.

- They apply to combine these two licenses into a single “combined license” on January 1, 2025.

Recommendations to Allow Existing Licensees to Transition Multiple Licenses Into a Combined License

On November 7, 2022, the DCC adopted regulations that redefined “outdoor” cultivation to include the use of light deprivation. Prior to these regulations, cultivators utilizing light deprivation were required to obtain a more expensive mixed-light 1 cultivation license. As a result of this regulatory change, a large number of cultivators holding mixed-light 1 licenses were no longer classed appropriately under these licenses, and these cultivators could reduce their licensing fees significantly by transitioning to an outdoor license.

Following this change in regulation, we appreciated the decision by DCC to offer an opportunity for cultivators to transition an existing mixed-light 1 license to an outdoor license, and to have their licensing fees recalculated appropriately. Without this opportunity, licensees would have been required to abandon their mixed-light 1 license and reapply for a separate outdoor license, resulting in unnecessary work and logistical burdens for both licensees and the department.

The establishment of a “combined license” under SB 1064 is a similar situation, and we think should be approached similarly. Rather than (for example) XYZ Farms abandoning their outdoor cultivation and Type 6 manufacturing licenses and reapplying for a combined license, we request that licensees should have an opportunity to easily transition these existing licenses into a new “combined license.” This process should include the following:

- **Option to choose renewal date** - licensees should have the option to choose their “combined license” renewal date from among their current license renewal dates, or from a date of one year after their transition. For XYZ Farms, this would be either April 1, 2025 (their pre-existing cultivation renewal date), July 1, 2025 (their pre-existing manufacturing renewal date), or January 1, 2026 (one year after their transition to a combined license).
- **Pro-rated licensing fees** - in transitioning multiple existing licenses to a combined license, the combined license fee should be calculated based on pro-rated licensing fees already paid for other activities. This could be modeled off regulations already adopted pursuant to SB 833, which establish a structure for pro-rating licensing fees. For example, for XYZ Farms, licensing fees could be calculated as follows:
 - If April 1, 2025 is chosen as the renewal date, three months of licensing fees (\$500) already paid for under the Type 6 manufacturing license could be either refunded by DCC to the licensee, or credited towards a future licensing fee.
 - If July 1, 2025 is chosen as the renewal date, the licensee may pay an additional three months of fees on their outdoor cultivation license (\$1,205).

- If January 1, 2026 is chosen as the renewal date, the licensee may pay for an additional six months of the manufacturing license (\$1,000), plus an additional nine months of the cultivation license (\$3,615), for a total of \$4,615.
- **Option to choose license number** - licensees should have the option to choose the license number for their combined license from among their existing license numbers. License numbers are used for a variety of regulatory and business purposes (e.g., requirement to print a license number on branded merchandise), and losing a license number already in use can result in unnecessary costs.
- **Addition of activities to an existing license** - in addition to the ability to combine existing licenses, a licensee who only holds one license, but later chooses to apply for authorization for an additional activity, should have a streamlined path to combine both of these activities into a single “combined license.”

Recommendations to Maximize Functionality of a Combined License

In addition to the above recommendations regarding transitions, we also have several requests that apply to all combined licenses, regardless of whether they’re established through a new license application or a transition of existing licenses.

- **No limitation on activities under a combined license type** - aside from legally restricted combinations of licensed activities (e.g. Type 5 limitations, testing laboratory limitations), we do not believe there should be any limitations on which activities can be combined under a combined license type. This would be in contrast to existing regulations for microbusiness licenses, which do not allow certain activities to be included within a microbusiness.
- **No transportation license required** - because transportation under a combined license is not “between licensees,” we request that a distribution/transportation license is not required for transport within the different activities conducted by a combined license type.
- **Single METRC account** - we request that a combined license is able to operate under a single METRC account.
- **Consider reduction in licensing fees to account for decrease in administrative costs** - separately from SB 1064 rulemaking, we understand that DCC is undertaking a process to consider changes to state licensing fees. As these changes are considered, we request that the DCC consider reductions in licensing fees that correspond with the decrease in administrative resources to process a combined license, rather than multiple independent licenses.

Thank you for your consideration,



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