



6/24/23

Assembly Member Berman  
Chair of the Committee on Business and Professions  
Legislative Office Building, Room 379  
Sacramento, California 95814

Re: AB 622 (Allen) - Cannabis regulation: plant identification program: unique identifier

Position: Opposed

Dear Chair Berman,

On behalf of this coalition of cannabis trade associations representing hundreds legal cannabis licensees throughout the state, we oppose SB 622 as amended June 15, 2023 which will encourage even more cannabis diversion and undermine the viability of legal cannabis throughout the state. This new opportunity for unfettered diversion will endanger low-income communities, pose an increased threat to public safety, including the harms that come from propping up organized crime rings where worker conditions can lead to human trafficking, unsafe working conditions, threats to our fragile environment, and death.

**As amended, SB 622 is a different version than what was approved by the California Senate.**

The amended SB 622 eliminates the requirement that all cannabis plants have a unique identifier, a critical auditing tool the Department of Cannabis Control needs to determine legal products stay in the regulated track and trace system. The Department of Cannabis Control cannot hold accountability of where legal cultivation is in the supply chain without robust auditing. So far our new state system of tracking plants is failing due to a lack of resources. The Department of Cannabis Control in its 2 years of being a regulatory agency has had to focus attention and resources on the enforcement of our current laws. SB 622 completely deregulates cannabis cultivation when we are just getting a handle on how to use these RFID tags and the technology backing this auditing tool. With no accountability for production at that farm level the problems listed above can only be exacerbated by more violent crimes and an increased power to an already powerful illicit market. SB 622 is being championed by the cannabis industry because we are over regulated and will back anything that lowers the cost and hardships of burdensome regulations, but this bill has so many unintended consequences it needs to be addressed what is bound to be our future without plant accountability.

The following news articles show that licensed cannabis cultivators are participating in the illicit market and the Department of Cannabis Control has not used the full strength of its powers and resources to protect our communities.

From the article titled “Cannabis Workers Face Death and Exploitation, California Stepping in After Times Investigation” (5/5/2023, Los Angeles Times):

*Its launch followed the December publication of “Dying for Your High, a Times investigation detailing the plight of cannabis workers who are cheated, threatened with violence or even die because of unsafe working conditions. The newspaper identified abuse allegations against nearly 200 cannabis farms or contractors — **half of them licensed by the state**— since legalization. It found 35 cannabis workers killed on the job in a five-year span, a toll that has since risen to at least 37.*

From the article titled “Legal California cannabis is 'flooding' unlicensed New York shops” (Green Market Report, 3/28/23)

*Of the products in these 1,200 smoke shops, I'd say 99% have a California symbol on the front,” Pasternack said, estimating that burner distros in California are probably exporting “hundreds of pounds a month, if not thousands.”*

*Despite the continued prohibition of interstate commerce for cannabis, legally produced and packaged marijuana products from California are increasingly making their way to hundreds of smoke shops and bodegas in New York City, according to industry sources.*

*“Of the products in these 1,200 smoke shops, I'd say 99% have a California symbol on the front,” Pasternack said, estimating that burner distros in California are probably exporting “hundreds of pounds a month, if not thousands.”*

*From the California end, Pasternack said, the issue is that licensed distributors in California have been diverting legal marijuana to the illicit market for years, but there's apparently little that state regulators can or will do to solve the problem.*

From the article titled "Double dealing: Legal, Illicit blur in California pot market" (By Michael Blood, 1/16/2022, The Associated Press

*In the five years since California voters approved a broad legal marketplace for marijuana, thousands of greenhouses have sprouted across the state. But these, under their plastic canopies, conceal a secret. The cultivator who operates the grow north of Sacramento holds a coveted state-issued license, permitting the business to produce and sell its plants. But it's virtually impossible for the grower to turn a profit in a struggling industry...So the company has two identities -one legal, the other illicit. Industry insiders say the practice of working simultaneously in the legal and illicit markets is all too commonplace..."*

*"It's not too hard" to operate outside the tracking system's guardrails, the grower said. Plants can vary widely in what each one produces, allowing for wiggle room in what gets reported, while there is little in the way of on-site inspections to verify record-keeping. The system is so loose, some legal farms move as much as 90% of their product into the illicit market, the grower added.*

And the article titled "Gray Market Ganja: Some fully permitted cannabis growers continue to sell to illicit peddlers which promises to be a problem for years to come" (East Bay Express, 9/29/21)

We oppose SB 622 because it will have a detrimental impact on California's already struggling legal cannabis market and increase the failures of retailers at an exponential rate. When the legal market cannot compete fairly against the vast and thriving illicit market we are once again trying to win a losing war on drugs

In 2016, Californians approved Proposition 64, The Control, Regulate and Tax Adult Use of Marijuana Act, also known as "the Adult Use of Marijuana Act". The findings and declarations in Proposition 64 Section 2 states that:

*Section 2(C) - Currently, marijuana growth and sale is not being taxed by the State of California, which means our state is missing out on hundreds of millions of dollars in potential tax revenue every year. The Adult Use of Marijuana Act will tax both the growth and sale of marijuana to generate hundreds of millions of dollars annually. The revenues will cover the cost of administering the new law and will provide funds to invest in public health programs that educate youth to prevent and treat serious substance abuse; train local law enforcement to enforce the new law with a focus on DUI enforcement; invest in communities **to reduce the illicit***

*market and create job opportunities; and provide for environmental cleanup and restoration of public lands damaged by illegal marijuana cultivation.*

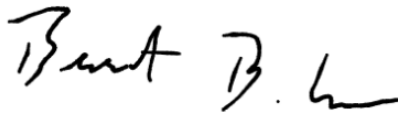
We oppose SB 622 because we strongly believe that these proposed regulations violate Proposition 64 as it contradicts its Purpose and Intent which goes against the will of the voters to reduce the illicit market and protect communities. The State of California must maintain individual plant tagging to ensure that cannabis plants are not diverted into the illicit market and empowering drug cartels. Before the State of California deregulates plant tagging cannabis, it must start enforcing existing laws to protect our communities.

We ask that SB 622 not be approved by the Committee. For questions, contact our Legislative Advocacy Chair, Jerred Kiloh from United Cannabis Business Association at (707) 235-8474.

Sincerely,



Jerred Kiloh  
President  
United Cannabis Business  
Association



Brent Buhrman  
President  
Coachella Valley Cannabis  
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Virgil Grant  
President  
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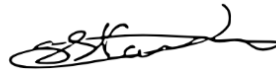
Adam Hijazi  
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