

NOTICE OF MEETING & AGENDA

Friday, December 9, 2022
11 a.m. – 12:30 p.m.

via Zoom

<https://zoom.us/j/8267160176>

Meeting ID: 826 716 0176

Call in Number: +1 (669) 900-9128 Code: 8267160176#

In line with guidelines issued by the Department of Public Health and recent amendments to Gov't Code § 54953(e)(1) intended to minimize face-to-face interactions during the ongoing State of emergency, CCA will conduct this meeting of the Board of Directors entirely by teleconference / video conference call with no physical locations available for participation by either Board Members or the public. Members of the public are encouraged, however, to call in and participate as they have in the past via our teleconferencing system and a time will be made available during the meeting for public questions and comments.

PUBLIC COMMENT:

The Board welcomes and encourages public participation in its meetings. The public may take appropriate opportunities to comment on any issue before the Board. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment. Each speaker is limited to two minutes. If you are addressing the Board on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report.

The Governor's orders (specifically Executive Order N-29-20) regarding the conduct of meetings of legislative bodies during the State of Emergency can be found at <http://www.gov.ca.gov/>

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AGENDA

- I. 11:00 am Opening Remarks & Roll Call
Tom Haynes, President
- II. 11:05 am Resolution 2022-05 Teleconference Meetings of the CCA
(See Attached)
- III. 11:10 am Approval of Minutes *(See Attached)*
Tom Haynes, President
- IV. 11:15 am Organizational Update
Greg Turner, Executive Director (See Attached)
 - A. Expanded Team
 - B. Outreach Update *(See Attached)*
 - C. Budget Update *(See Attached)*
- V. 11:30 am Legislative Update
 - A. Draft CSAC Platform, Chp. 3, Sec. 15 – Cannabis *(See Attached)*
Guest Ada Waelder, Legislative Representative CSAC
 - B. 2023 Legislative Session
Greg Turner, Executive Director
- VI. 11:50 am Cannabis Public Policy Consulting (CPPC)
Mackenzie Slade, Director CPPC
Simulating Market Outcomes of Cultivation Tax Removal (2022)
(See Attached)
- VII. 12:10 pm Platform Update
Adam Crabtree, NCS Analytics
- VIII. 12:20 pm Public Comment

Except where noticed for a time certain, all times are approximate and subject to change. The meeting may be canceled or changed without notice. For verification, please contact gturner@cca.ca.gov. Action may be taken on any item on the agenda. Items may be taken out of order, tabled or held over to a subsequent meeting, to accommodate speakers, or to maintain a quorum

CALIFORNIA CANNABIS AUTHORITY
Resolution No. 2022-05
TELECONFERENCE MEETINGS OF THE CCA

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency related to COVID-19, pursuant to Government Code Section 8625, and such declaration has not been lifted or rescinded; and

WHEREAS considering the ongoing concerns about public health and safety, on March 17, 2020, Governor Newsom Issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act (the “Brown Act”) to allow local government bodies to conduct open meetings safely during the coronavirus pandemic; and

WHEREAS, on September 10, 2021, the Legislature took additional action to allow local government agencies to forego compliance with the Brown Act teleconferencing requirements under specific circumstances after adopting AB 361, which took effect immediately and amends the Brown Act’s requirements for teleconferencing during a proclaimed state of emergency and when certain other conditions are met, and certain findings are made; and

WHEREAS County health officials as well as the CDC continue to impose conditions or recommend measures to promote social distancing, including limiting the number and circumstances of in-person meetings wherever possible; and

WHEREAS the rates of transmission of COVID-19 and variants among member counties continue to pose imminent risks for the health of attendees at indoor gatherings involving individuals from outside the same household; and

WHEREAS to help protect against the spread of COVID-19 and variants, and to protect the health and safety of the public, the California Cannabis Authority (“CCA”) wishes to take the action necessary to comply with the Brown Act, as amended to continue to hold its meetings via teleconference.

NOW, THEREFORE, BE IT RESOLVED that the CCA hereby finds that there is a proclaimed State of Emergency declared by the Governor on March 4, 2020, which has not been rescinded; and

BE IT FURTHER RESOLVED that the CCA hereby finds that the guidance of local, State, and federal officials continues to recommend measures to promote social distancing and limit public gatherings; and

BE IT FURTHER RESOLVED that the CCA approves meeting via teleconference for all Regular and Special Meetings of the Board for the 30 days following this resolution, in accordance with Government Code section 54953(e) and other application provisions of the Brown Act.

Duly adopted this 9th Day of December 2022.

Thomas Haynes
Assistant Chief Financial Officer
Yolo County
President, California Cannabis Authority



CCA Board Meeting
Via Video / Teleconference Call
June 24, 2022
MINUTES

June 24, 2022 via Video / Teleconference Call - Meeting called to order at 11:02am

1. Roll Call.

- X Rex Bohn , Supervisor Humboldt County
 - X Justin Cooley for Jim Hamilton, Treasurer-Tax Collector, San Luis Obispo County, CCA Treasurer
 - X Tom Haynes, Assistant Chief Financial Officer, Yolo County
 - Alisha McMurtrie, Treasurer-Tax Collector, Inyo County
 - X Jeff Frapwell, Assistant County Executive Officer, Santa Barbara County
 - X Joann Iwamoto, Cannabis Program Manager, Monterey County
- Others: Greg Turner, Adam Crabtree, Christy Stutzman, Robert Roach, Tim Townsend, Amy Christensen, Lynette Charlesworth

- 2. Resolution 2021-01 – Teleconference Meetings of the CCA –** The resolution relating to the conduct of teleconference meetings considering the ongoing COVID health crisis was presented and approved unanimously (attached).

- 3. Approval of Minutes -** The minutes for April 6, 2022 were presented and voted on without dissent.

4. Planning for the Future of CCA –

A. Expansion to include Cities

CCA has signed up to be a partner with the League of Cities and attend their bi-monthly meetings in an effort to further develop relationships with cities. Also, CCA is close to finalizing an agreement with the Cannabis public policy consultants.

B. Ongoing efforts with Metric Data Set

CCA continues to advocate the data platform to be used as a warehouse of information to improve state and local licensing collaboration, integration and unification.

C. Non-Platform Value of CCA

The CCA mission has been revised to reflect input from the last board meeting to include Industry engagement and policy engagement.

5. Organizational Update –

A. FY 22-23 Budget

Motion was made by Jeff Frapwell to approve the budget, 2nd by Justin Cooley and unanimously approved by the board.

B. New Member Outreach

The following are the current counties of focus: Santa Cruz, Sacramento, LA, Sonoma, Lake and San Diego. Board members were requested to advise if they have contacts to be helpful in any of these counties to advise Greg Turner.

C. Meeting Calendar

Next Quarterly Meeting : Septemebr 30, 2022

Possible in person BOD meeting : during CSAC meeting November 14-18, 2022 or mid December

Annual Meeting : April 5-7, 2023

Last Meeting of Fiscal Year : June 23, 2023

6. Platform Update –

Version two of the Tranparency Project and the new information center are available and very valuable upgrades.

7. Public Comment -

No public comment.

8. Closed Session –

The board went into closed session and reported back the approval of the Executive Director Contract with two modifications.

9. Adjourned

Meeting was adjourned at 12:28 .



To: Board of Directors

From: Greg Turner
Executive Director / Counsel

Date: 12/5/2022

Re: CCA Update

At out end of Fiscal Year 21-22, I was asked to provide a road map for the 22-23 Fiscal Year which outlined what I anticipated would be CCA's efforts to grow the organization. The road map would serve not only as a guidepost to our operations for the year, but also a measuring stick for the Board in evaluating the organizations performance at the end of the year. Growth has been slower than any of us suspected, so it makes sense that goals, objectives, and methods are not just articulated, but subject to scrutiny.

While it's hard to suggest commercial cannabis is at any sort of inflection point in California, it seems relatively clear that California is experiencing some measure of growing pains regarding legalization. Wholesale pricing is down due to oversupply, land prices and compliance costs remain high, and many local governments have reduced their tax impositions to assist local licensees, but which can impact the programs CCA was designed to help. Though expanding retail licensing will help, indeed it is inevitable that expansion occurs, it's hard to see retail expansion as the panacea to these issues, particularly if as our partner CPPC has found by survey that nearly three-quarters of consumers acquire cannabis from licensed sources. Moreover, if for no other reason than California produces far more cannabis than can reasonably be consumed in-state.

At our annual meeting in April, we discussed the goals and mission of CCA. While our core mission remains to help local governments become more efficient and effective in providing commercial cannabis oversight and taxation, we should also seek to facilitate the functioning of the legal cannabis market. These two concepts are interrelated. While improving efficiency and effectiveness of regulatory and tax programs has direct benefits for the regulated and taxed (reducing compliance costs and ensuring all market participants are playing by the same rules), reducing costs of oversight while improving its effectiveness can also convince reluctant localities to accept the inevitable and license.

I believe our goal then is for CCA to be an organization of local governments where the efficacy of cannabis oversight and taxation is collaboratively engaged and through that engagement facilitate the functioning of the legal cannabis market. Our predominant hurdles to realizing that loosely stated goal remain a more collaborative engagement with the State, including access to a broader cannabis data set, and organizational costs.

In regard to more collaborative engagement with the State we are embarking on more direct engagement with the Administration and Legislative policy makers in order to find a path to better state and local engagement. There are a number of benefits to the State for a more direct collaboration with

RE: California Cannabis Authority Update

CCA, though the Department of Cannabis Control has a number of large policy endeavors it is presently juggling. Nevertheless, NCS Analytics' data analytics platform and publicly facing Transparency Project portal is significantly beyond anything the State has available or likely to in the near future.

Cost is probably the more difficult Rubicon for the organization. Even the minimum membership is not insubstantial and probably excludes many localities that might otherwise benefit from the collaborative opportunities of a local government focused cannabis public policy organization. Organizational value only improves with added members. Add to that the costs of the data platform and the potential for local government focused research specific to cannabis and finding the resources to fund those services is not without its challenges.

Having roughly articulated our goals and objectives I think the Board should consider evaluating the progress of the organization with the following benchmarks.

State Engagement – Were we able to find a discernable path to greater engagement with the State on behalf of the membership? CCA continues to explore opportunities to integrate a better, more efficient State and local working relationship. Improved data access, better collaboration for more efficient inspection and oversight, increased coordination on illicit market enforcement, State financial assistance, and data-driven research are part of a multi-pronged effort to better engage with State regulators to make local government oversight of commercial cannabis more efficient and more effective.

While some level of state funding would be a significant value add and bring down significantly member costs, we also have to consider its likelihood given the current state of the economy and anticipated significant state budget deficit.

We have engaged with Campbell Strategy and Advocacy (Greg Campbell is former Chief of Staff to Speaker Toni Atkins who has also partnered with Alexis Podesta, former Secretary of California Business, Consumer Services and Housing Agency under former Governor Brown) for the purpose of cracking the State engagement conundrum.

Membership Growth – Have we been successful growing the membership? CCA value beyond the platform remains its collective membership and the value to local governments in participating in an organization singularly focused on cannabis issues affecting local government. To that end, we have been working on growing the membership in the following ways:

- **Improved communications** – we recently contracted with Tim Townsend, former assembly legislative staff, to become our Director of Communications. Tim will be assisting us with expanding our outreach to local governments, producing our newsletter and other communications endeavors.
- **League of Cities Partnership** – We have become a “League Partner” with the California League of Cities which will allow CCA to participate in League sponsored events involving cannabis. We have standing bi-weekly calls with the League to discuss State and local policy affecting local government cannabis programs.
- **Supervisor Outreach** – When Cara Martinson left CSAC, CCA lost an important and direct link the County Supervisors engaged in cannabis related issues. We are happy to report that Cara has started a new local government consulting and advocacy practice and we have engaged her

to help us re-connect at the Supervisor level on expanding CCA membership and engagement on issues of concern the Supervisors at it relates to commercial cannabis in California.

- **Consulting and Research** – CCA is excited to add Cannabis Public Policy Consulting (CPPC) as a new partner to provide CCA members access to expert consulting, the most advanced data analytics research and surveys, and the most comprehensive and current datasets to cannabis regulation in California. CPPC is the only independent consultancy in cannabis-focused exclusively on data-informed development and implementation of legalization policies that are designed to create safe, equitable, and efficient markets that promote economic opportunities and protect public health and safety. Their State and National surveys provide regulators data to identify, predict, and solve modern cannabis problems. Their Simulation Lab uses novel and complex data-science pairing methods the simulate public policy changes to better understand market and public health outcomes.
- **Information, Public Policy, and Research:** Working with our partners, CCA is expanding our non-Platform related information, public policy, and research activities. Including:
 - A new monthly newsletter designed to highlight recent cannabis news and public policy happenings.
 - Legislative tracking and information updates.
 - Policy engagement with State administrators within the boundaries of our data informed mission.
 - Research, whether under the banner of CCA or in conjunction with other State actors such as DCC, public universities or Legislative Analyst’s Office, that informs and supports the goals of our members’ cannabis public policy goals. Topics could include market price trends, impact of tax policy on legal market participation, how cannabis legalization impacts public health and other relevant subjects that CCA’s unique data insights can support.

A number of local governments we have been in communication with during 2022 were awaiting the results of initiatives put before voters in November 2022. A number of those measures were approved and we are re-engaging with those counties to entice CCA membership. Among the jurisdictions we have had engagements are: Los Angeles County, San Diego County, Lake County, Sonoma County, El Dorado and Sacramento County.

We have also presented to a regional forum for the League of Cities and expect to conduct additional presentations to other League regional forums after the new year. We are also working on producing a webinar with our partners at CPPC to be held in the latter part of January.

The year ahead will certainly have its challenges. The slowing of the economy more broadly at the same time commercial cannabis is experiencing significant upheaval is likely to put significant pressure on local government finances, specifically as it relates to cannabis. Coupled with a State deficits, finding a path to State funding will be a significant hurdle.



THE CCA HELPS LOCAL GOVERNMENTS THROUGH ALL STAGES OF REGULATION

Tax Measure in Place, No Ordinance

- **CCA Policy Consulting Services**
 - Develop ordinance
 - Determine program structure



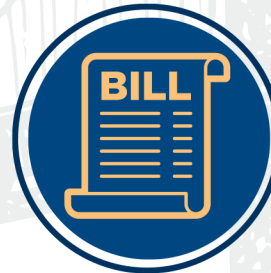
Ban in Place

- **CCA Policy Consulting Services**
 - Develop tax measure
 - Conduct economic analysis



Ordinance Enacted

- **CCA Policy Consulting Services**
 - Implement program and department structure
 - Staff training on basics of cannabis industry
- **CCA Data Analytics Program**



Accepting License Applications

- **CCA Policy Consulting Services**
 - Determine fair transparent licensing application process
 - Develop enforcement and tax compliance policies



Regulating Licensees

- **CCA Data Analytics Platform**
 - Enforcement priorities for staff
 - Ensure tax compliance
- **CCA Policy Consulting Services**
 - Program improvements and Research



**CCA member peer support
to share experiences, ask
questions, and help
navigate the new
responsibility of cannabis**



Budget Update

Sources:

BEGINNING YEAR FUND BALANCE AVAILABLE

REVENUES:

	FY 2021-22	FYE ACTUAL	FY 2022-23 Budget	Q1 FY 2022-23
BEGINNING YEAR FUND BALANCE AVAILABLE	50,468	50,468		1,216
Base Membership Dues			244,000	
Platform Usage Charges			977,220	-
Total From Membership Fees	1,110,200	830,000	1,221,220	-
Accounts Receivable		125,000		263,000
Accounts/Notes Payable		(187,749)		(187,385)
CSAC FC Contribution				
Interest	1,100	843	1,100	375
TOTAL SOURCES	1,161,768	768,094	1,222,320	75,990

Uses:

EXPENDITURES:

Codes

Professional Services	5050340	135,000	140,800	135,000	90,600
Outside Legal Services	5050320	96,000	96,000	96,000	32,000
Insurance	5050160	2,500	-	2,500	2,430
Audit	5050030	8,500	-	8,500	15,700
Program Marketing	5050010	7,500	5,000	7,500	-
Website Management	5050100	4,500	5,175	4,500	1,790
Sponsorship Fees (Misc Exp)	5050270	125,000	675	137,500	-
Data Platform Fees (Data Communications)	5050100	715,000	509,936	786,500	63,099
Board Travel	5050450	4,500	-	4,500	-
Telephone / Telecommunications	5050440	1,850	-	1,850	-
Board Meetings	5050125	2,500	5,622	3,500	-
Credit Card Fees	5050095	650	835	650	-
Office Expenses	5050280	2,500	2,835	2,500	1,509
TOTAL EXPENDITURES:					
Fixed Costs		266,000	256,267	267,000	144,029
Variable Costs		840,000	510,611	924,000	63,099
		1,106,000	766,878	1,191,000	207,128
Exigencies		55,768	1,216	31,320	(131,138)
TOTAL USES		1,161,768	768,094	1,222,320	75,990



Board of Directors
California Cannabis Authority
Sacramento, California

We have audited the financial statements of the governmental activities and the major fund of the California Cannabis Authority as of and for the year ended June 30, 2021 and June 30, 2020, and have issued our report thereon dated July 5, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California Cannabis Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021 or 2020.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Adjustments of \$126,545 and \$114,196 to accounts receivable and revenues for services billed relating to the fiscal year ended June 30, 2021 and June 30, 2020, respectively.
- Adjustments of \$69,594 and \$60,775 to accounts payable and expenses for services billed relating to the fiscal year ended June 30, 2021 and June 30, 2020, respectively.
- Adjustment of \$31,500 to loans payable to increase loans payable balance at June 30, 2020.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated July 5, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

This communication is intended solely for the information and use of the Board of Directors and management of California Cannabis Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Sacramento, California
July 5, 2022

CALIFORNIA CANNABIS AUTHORITY
FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020



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CALIFORNIA CANNABIS AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California Cannabis Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the California Cannabis Authority (Authority), as of and for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Authority, as of June 30, 2021 and 2020, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter*Prior Period Adjustment*

As disclosed in Note 5 to the financial statements, the Authority reported a restatement for the beginning debt balance. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Roseville, California
July 5, 2022

CALIFORNIA CANNABIS AUTHORITYStatement of Net Position
June 30, 2021 and 2020

ASSETS	2021	2020
Current assets:		
Cash and investments	\$ 101,524	\$ 60,502
Accounts receivable	126,545	114,196
Total Assets	228,069	174,698
LIABILITIES		
Current liabilities:		
Accounts payable	69,594	60,775
Total current liabilities	69,594	60,775
Noncurrent liabilities:		
Loans Payable	501,232	501,232
Total noncurrent liabilities	501,232	501,232
Total Liabilities	570,826	562,007
NET POSITION		
Unrestricted	(342,757)	(387,309)
Total Net Position	\$ (342,757)	\$ (387,309)

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITYStatement of Activities
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Licenses and Fees	<u>\$ 424,957</u>	<u>\$ 160,804</u>
EXPENSES		
Professional Services	<u>381,222</u>	<u>250,258</u>
Total Expenses	<u>381,222</u>	<u>250,258</u>
Net Program Expenses	43,735	(89,454)
GENERAL REVENUES		
Interest Income	<u>817</u>	<u>2,506</u>
Change in Net Position	44,552	(86,948)
Net Position, Beginning of Year, as Restated	<u>(387,309)</u>	<u>(300,361)</u>
Net Position, End of Year	<u><u>\$ (342,757)</u></u>	<u><u>\$ (387,309)</u></u>

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITYBalance Sheet
Governmental Funds
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 101,524	\$ 60,502
Accounts receivable	<u>126,545</u>	<u>114,196</u>
Total Assets	<u><u>\$ 228,069</u></u>	<u><u>\$ 174,698</u></u>
Liabilities		
Accounts payable	<u>\$ 69,594</u>	<u>\$ 60,775</u>
Total Liabilities	<u>69,594</u>	<u>60,775</u>
Deferred inflows of resources		
Unavailable revenue	<u>96,171</u>	<u>86,869</u>
Fund Balances		
Unassigned	<u>62,304</u>	<u>27,054</u>
Total Fund Balances	<u>62,304</u>	<u>27,054</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 228,069</u></u>	<u><u>\$ 174,698</u></u>

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Activities June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Fund Balance - governmental fund	\$ 62,304	\$ 27,054
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Some of the Authority's revenue is not available to pay for current period expenditures and therefore, is not reported in the governmental funds balance sheets.	96,171	86,869
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: Notes payable	<u>(501,232)</u>	<u>(501,232)</u>
Net position of governmental activities	<u>\$ (342,757)</u>	<u>\$ (387,309)</u>

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Charges for services	\$ 415,655	\$ 92,196
Interest income	<u>817</u>	<u>2,506</u>
Total Revenues	<u>416,472</u>	<u>94,702</u>
Expenditures:		
Professional Services	<u>381,222</u>	<u>250,258</u>
Total Expenditures	<u>381,222</u>	<u>250,258</u>
Net Changes in Fund Balances	35,250	(155,556)
Fund Balances, Beginning of Year	<u>27,054</u>	<u>182,610</u>
Fund Balances, End of Year	<u><u>\$ 62,304</u></u>	<u><u>\$ 27,054</u></u>

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities – Governmental Activities Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net change in fund balance	\$ 35,250	\$ (155,556)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Some of the Authority's revenue is not available and does not provide current financial resources, and therefore is not reported as revenue in the governmental funds	<u>9,302</u>	<u>68,608</u>
Change in net position of governmental activities	<u><u>\$ 44,552</u></u>	<u><u>\$ (86,948)</u></u>

See accompanying Notes to Basic Financial Statements

CALIFORNIA CANNABIS AUTHORITY

Notes to Basic Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The California Cannabis Authority (Authority) was formed in 2018 in accordance with State of California Laws. The Authority was established by county governments to develop and manage a statewide data platform. The platform will help local governments that are regulating commercial cannabis activity by providing critical and actionable data to increase tax realization, enhance public safety and augment planning capabilities. The Authority is a California agency and the members include the Counties of Humboldt, Mendocino, Monterey, San Luis Obispo, Yolo, and Inyo. The Authority functions independently of its members.

The Authority is not financially accountable for any other organization and is the only entity included in these statements.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized and operated on the basis of funds, each of which is defined as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenue, and expenditures. Authority resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The Authority's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the Authority.

The Government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Authority's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Authority has no Business-type Activities.

Governmental Fund Financial Statements – Governmental Fund Financial Statements include a Balance Sheet, and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance as presented in these statements to the net position presented in the Government-Wide financial statements. The Authority has presented all funds as major funds.

All governmental funds are accounted for on a spending or “*current financial sources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered susceptible to accrual and are accrued when they are received within sixty days of fiscal year end.

Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the difference created by the integrated approach.

CALIFORNIA CANNABIS AUTHORITY

Notes to Basic Financial Statements Years Ended June 30, 2021 and 2020

General fund – This is the primary operating fund of the Authority. It accounts for all financial transactions of the Authority.

The Authority has no fiduciary funds.

C. Cash and Investments

The Authority pools cash resources from all funds with the County of San Luis Obispo's cash in order to facilitate management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

D. Investment Valuation

The Authority holds unrestricted cash and investments with the Treasurer of the County of San Luis Obispo in a cash and investment pool. The Authority's investment is presented at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's portion in the pool.

E. Net Position and Fund Equity

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

F. Use of Restricted/Unrestricted Net Position

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position first.

G. Fund Balances – Governmental Funds

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. As of June 30, 2021 and 2020, fund balances for governmental funds consist of the following categories:

Nonspendable: Amounts that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact.

CALIFORNIA CANNABIS AUTHORITY

Notes to Basic Financial Statements Years Ended June 30, 2021 and 2020

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances represent amounts that can only be used for specific purposes through resolutions by the Board of Directors. Commitments can only be modified or lifted through Board resolutions.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the Authority's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned: This category is the residual classification that includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted fund balance resources first, followed by the unrestricted resources in the committed, assigned, and unassigned fund balances, as they are needed.

H. Long-Term Debt

In the government-wide fund financial statements, outstanding debt is reported as a liability.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

Cash in County Treasury	<u>\$ 101,524</u>
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Cash and investments at June 30, 2020 consisted of the following:

Cash in County Treasury	<u>\$ 60,502</u>
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CALIFORNIA CANNABIS AUTHORITY

Notes to Basic Financial Statements Years Ended June 30, 2021 and 2020

The Authority maintains all of its cash and investments with the County of San Luis Obispo in an investment pool. On a quarterly basis, the Auditor-Controller-Treasurer-Tax Collector allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of San Luis Obispo's financial statements may be obtained by contacting the County of San Luis Obispo's Auditor-Controller-Treasurer-Tax Collector, Post Office Box 1149, San Luis Obispo, California 93406-1149.

GASB Statement No. 40 requires additional disclosures about a government's deposits and investment risks that include credit risk, custodial risk, concentration risk, and interest rate risk. The Authority has no deposit or investment policy that addresses a specific type of risk.

Required disclosures for the Authority's deposit and investment risks at June 30, 2021 were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Various

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

NOTE 3: LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the years ended June 30, 2021 and 2020:

Type of Indebtedness	Restated Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Loans Payable - Direct Borrowing	\$ 501,232	\$ -	\$ -	\$ 501,232	\$ -

Type of Indebtedness	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
Loans Payable - Direct Borrowing	\$ 501,232	\$ -	\$ -	\$ 501,232	\$ -

At June 30, 2021 and 2020, loans payable consisted of the following:

Loans Payable	Original Issue Amount	Outstanding at June 30, 2021	Outstanding at June 30, 2020
CSAC Finance Corporation <i>Used to finance start up costs.</i>	\$ 501,232	\$ 501,232	\$ 501,232

The Authority's outstanding loan from direct borrowings comprises of the operating agreement between CSAC Finance Corporation and the Authority. CCA will pay 5 basis points of all incoming analyzed transactions until the debt is repaid and then 3 basis points until the operating agreement is terminated. No interest will accrue on the debt. As future revenues cannot be determined, the Authority is unable to determine the amount due in the next year or the future repayments.

CALIFORNIA CANNABIS AUTHORITY

Notes to Basic Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 4: RELATED PARTY TRANSACTIONS

As the Authority performs data analytics for its member counties all operating revenues and accounts receivable recognized as of year-end correspond to related party transactions.

NOTE 5: PRIOR PERIOD ADJUSTMENT JUNE 30, 2020

The beginning fund balance of the Authority has been restated on the government-wide financial statements to record a prior period adjustment to correct loans payable balance. A reconciliation of the prior period ending net position to the current year beginning net position for the Authority is as follows:

Beginning Net Position	\$ (268,861)
Adjustment to loans payable	(31,500)
Beginning Net Position, as Restated	<u>\$ (300,361)</u>

The above adjustment decreased the change in net position by \$31,500 for the prior year and had no impact on the current year change in net position.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA CANNABIS AUTHORITY

Required Supplementary Information
June 30, 2021 and 2020

NOTE 1: BUDGETARY CONTROL AND ACCOUNTING

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In December of each year, the Executive Director submits to the Board of Directors a proposed operating budget for the following fiscal year. This budget includes proposed expenditures by fund and the revenues expected to finance them.
2. Public hearings are conducted to obtain public and member comments.
3. The budget is legally enacted through passage of a resolution before July 1.
4. Formal budgetary integration is employed as management control device during the fiscal year for the General Fund.
5. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and re-appropriated amounts for prior year encumbrances. The Executive Director must approve any adjustments to the budget.
6. Appropriations lapse at the end of the fiscal year and then are re-budgeted for the subsequent fiscal year.
7. Budgeted appropriations for the governmental fund become effective each July 1. The Board of Directors may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.
8. The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund present comparisons of the legally adopted budget with actual data on a basis consistent with accounting principles generally accepted in the United States of America.
9. For the year ended June 30, 2021, expenditures exceed appropriation in the California Cannabis Authority general fund by \$39,372. These over expenditures were funded by the greater than anticipated revenues in that fund.

CALIFORNIA CANNABIS AUTHORITY

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Licenses and Fees	\$ 308,783	\$ 308,783	\$ 415,655	\$ 106,872
Interest income	<u>-</u>	<u>-</u>	<u>817</u>	<u>817</u>
Total Revenues	<u>308,783</u>	<u>308,783</u>	<u>416,472</u>	<u>107,689</u>
Expenditures:				
Professional services	<u>341,850</u>	<u>341,850</u>	<u>381,222</u>	<u>(39,372)</u>
Total Expenditures	<u>341,850</u>	<u>341,850</u>	<u>381,222</u>	<u>(39,372)</u>
Net Change in Fund Balances	<u>\$ (33,067)</u>	<u>\$ (33,067)</u>	35,250	<u>\$ 68,317</u>
Fund Balances, July 1			<u>27,054</u>	
Fund Balances, June 30			<u>\$ 62,304</u>	

CALIFORNIA CANNABIS AUTHORITY

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Licenses and Fees	\$ 180,000	\$ 180,000	\$ 92,196	\$ (87,804)
Interest income	-	-	2,506	2,506
Total Revenues	180,000	180,000	94,702	(85,298)
Expenditures:				
Professional services	334,400	334,400	250,258	84,142
Total Expenditures	334,400	334,400	250,258	84,142
Net Change in Fund Balances	<u>\$ (154,400)</u>	<u>\$ (154,400)</u>	(155,556)	<u>\$ (1,156)</u>
Fund Balances, July 1			<u>182,610</u>	
Fund Balances, June 30			<u>\$ 27,054</u>	



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
California Cannabis Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the California Cannabis Authority (Authority), as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.**CliftonLarsonAllen LLP**

Roseville, California
July 5, 2022

CALIFORNIA CANNABIS AUTHORITY

Schedule of Findings June 30, 2021 and 2020

2021-001 Year-end Accruals

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: While performing our audit procedures, we noted five invoices for services prior to June 30, 2021 totaling \$69,594 and four invoices for services performed prior to June 30, 2020 totaling \$60,775 that were not accrued by the Authority. We also noted revenue received after year-end totaling \$126,545 at June 30, 2021 and \$114,196 at June 30, 2020 was not accrued by the Authority.

Finally, we noted that the Authority's loans payable was understated by \$31,500 at June 30, 2019 due to unrecorded debt.

Criteria or specific requirement: The accrual basis is required by generally accepted accounting principles since it results in financial statements that reflect the complete effects of an entity's financial transactions for a period. Under that basis, revenues and the related assets are recorded when earned and expenses are recorded when the obligation is incurred.

Context: During our testing of revenue, we identified 6 receipts at June 30, 2021 and 11 receipts at June 30, 2020 that were not accrued. During our testing of expenses, we identified 5 invoices at June 30, 2021 and 4 invoices at June 30, 2020 that were not accrued.

We noted the understatement of debt while performing audit procedures over debt.

Effect: The Authority significantly understated its receivables and revenues and its payables and expenses for each year under audit resulting in material audit adjustments to its financial statements.

The loans payable balance at June 30, 2019 was understated resulting in a prior period adjustment to the financial statements.

Cause: The Authority currently does not have procedures for accruing subsequent receipts or payments after the year-end cutoff.

Repeat Finding: This is a repeat finding.

Recommendation: We recommend the Authority extend its review over significant cash receipts and disbursements beyond the year-end cutoff to ensure the year-end accounts receivable and payable accounts are complete and accurate.

Management Response: Management agrees with the finding.



The California County Platform | Chapter 3

Agriculture, Environment, Natural Resources

Adopted by the CSAC Board of Directors November 2020

SECTION 15: CANNABIS

On November 8, 2016, voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), legalizing the adult use of cannabis in California. AUMA contains broad local regulatory and taxation authority, allowing local governments to decide how best to regulate – and impose local taxes on – the retail sale and cultivation of cannabis in their respective communities while integrating local regulatory programs within a larger state licensing system.

Counties have a stake in shaping the broader statewide landscape of cannabis regulation in California as it has a significant impact on local government operations and serves as an important economic driver in many communities. The success of cannabis programs is dependent on strong state and local partnerships. It is imperative that state agencies recognize the role counties play in the regulation of cannabis and are responsive to local needs.

As the Legislature and state agencies develop regulations relating to medical and adult-use cannabis laws, counties put forth the following policy principles to guide CSAC positions and advocacy on cannabis regulation.

Cannabis Licensing, Regulation, and Local Control

Counties must be able to enact prohibitions or regulations in the face of threats to public and environmental health, safety, and general welfare. Such decisions represent legislative judgments made by locally elected bodies about the wisdom and need for local control over a particularly vexing and unusual land use issue. Under well settled constitutional separation of powers principles, deference must be afforded to the legislative judgments made by locally elected officials, who are in the best position to evaluate local conditions, community needs, and the public welfare. Accordingly, CSAC believes that cannabis regulations proposed by the state must allow individual local governments the discretion to either adopt that program in full, to modify the program as they see fit, or to opt out of the program completely.

Local government police powers and authority over taxation and fees must be respected in the development of any regulations implementing both medical and adult use cannabis laws. This includes support for local land use authority and the ability for counties to ban the commercial adult use or medical cannabis retail sale, delivery, manufacturing, and/or cultivation within the unincorporated area.

The Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) outlines categories of licenses for the cultivation, sale, manufacture, distribution, and testing of cannabis. The law contains restrictions on how many licenses can be held by a single entity, and counties support prohibitions on the cross-ownerships of licenses. Counties support limitations of Type Five Large Cultivation licenses, which are defined under Business and Professions Code section 26061.

Counties support a dual licensing system, which requires the verification of a local license as a condition precedent to the issuance of a state license, and the development of a strong license revocation policy and procedure for violations of license requirements. Wherever possible, counties support practical streamlining of cannabis licensing and permitting while maintaining local control. Burdensome administrative barriers only serve to discourage entry into the legal market and put a strain on state and local resources.

Cannabis Cultivation and Environment Impacts

As cannabis cultivation in California grows and evolves, it is critical to have a functioning statewide track and trace system, designed with compatibility and full integration with local programs. Local governments should have access to both the state track and trace system and laboratory test results for cannabis and cannabis products.

In addition, counties support integration with local geographic mapping and information systems, especially with respect to cultivation sites. This should include integration and consultation with resource conservation districts and watershed management plans.

Counties urge action to reduce environmental degradation and ensure the responsible use of resources, including water and electricity, in all aspects of cannabis cultivation, manufacturing, and retail. CSAC believes responsible state and local agencies should be given clear guidance and adequate resources to regulate and enforce environmental laws relating to cannabis. CSAC also supports a requirement that state agencies coordinate with local governments to ensure uniform application in enforcement efforts.

Cannabis Enforcement and Public Safety

Counties strongly urge the state to fully enforce cannabis regulations, and to provide resources for local enforcement efforts. Combatting illicit cannabis is a key public safety issue in many counties, and there should be dedicated resources for the active enforcement of illicit cannabis activities on public land. Counties requires state action and assistance to stop unlicensed commercial activity and diversion of cannabis and cannabis products. This includes access to track and trace data as well as inspections of cannabis retail establishments, manufacturing locations, and cultivation sites to ensure adherence to state and local laws and policies.

Counties support the development and implementation of state standards to protect public safety, with regard to cannabis, including:

- Enforceable standards for impaired driving.
- Employer rights to maintain competency for duty and a drug-free workplace.
- Protections for worker safety and security in the cannabis industry.

Cannabis Labeling, Testing, and Advertising

Strong cannabis testing and labeling standards are critical to protect public health and safety. Counties support uniform potency standards and the use of use state-run labs for pesticide, heavy metal, and biological testing for enforcement purposes. Cannabis packaging should be

designed to display no appeal for children, and counties support the requirement of childproof containers, where appropriate.

Counties encourage the state to develop standards for the recognition of a particular appellation of origin of cannabis cultivated in a certain geographical region.

Cannabis Resources and Revenue

Sufficient funding is required for adequate staffing at the state and local level to conduct regular inspections of dispensaries, cultivation, and manufacturing facilities, to conduct investigations and enforcement activity, and to quickly respond to and resolve complaints in a timely manner.

Counties depend on cannabis tax revenue to support regulatory schemes and enforcement. To help accomplish this it is important that counties have as much access to cannabis business data, like track and trace, as possible. The state should work with counties to find ways to encourage tax compliance in the absence of adequate banking solutions.

Federal Regulation

Californians voted to allow for the recreational cultivation, sale, and use of cannabis, however the federal government's ban poses serious roadblocks and risks. State and local control must be respected on the regulation and enforcement of these issues. Counties call on the federal government to declassify cannabis as a Schedule I drug and remove all conflicts under federal law. The federal government should allow banking services for the cannabis industry to reduce the public safety issues posed by a cash-based industry.

Best Practices & Data

Counties benefit from the of sharing best practices, lessons learned, and model ordinances on cannabis regulation and taxation. CSAC encourages collaboration between local and state agencies, including ongoing dialogue about implementation efforts, tax rates, enforcement issues, and other issues of significance. To enhance this, there should be adequate local representation on the state's Cannabis Advisory Committee to help inform state regulatory agencies and other stakeholders about local conditions, concerns, and issues of significance.

It is important to have statewide data collection and additional research and monitoring of trends regarding the impacts of cannabis – including impacts to public health and enforcement issues. Counties urge the state to share such data and research with local governments.

Public Health

Counties support widespread communication on the impacts of cannabis on public health, especially related to impaired driving and youth. This should include the development of strong, effective substance abuse prevention and education campaigns at the state level, with input from counties, and resources for local education.

COUNTY	LOCALITY	MEASURE	DESCRIPTION	VOTE REQUIRED	YES %	RESULT
El Dorado	City of South Lake Tahoe	Measure G	Imposes a gross receipts tax of 6 percent on the retail, distribution, and manufacturing of cannabis products. Also imposes a tax of \$20 per square foot of canopy on cannabis cultivation.	Two-Thirds	62	✓
Kern	City of McFarland	Measure O	a tax on cannabis businesses of up to \$10.00 per square foot for cultivation, 8% of gross receipts for retail, 2.5% of gross receipts for testing labs, and 6% of gross receipts for other cannabis businesses, until terminated by voters, provided such businesses are permitted in the future, generating up to approximately \$1.8 million annually	Majority	63	✓
Kings	City of Avenal	Measure C	Imposes a \$25 per square foot tax on commercial cannabis businesses and a 15 percent gross receipts tax on the sale of cannabis in the city.	Majority	62	✓
Lassen	Lassen County	Measure S	Whether the County should enact an ordinance for permitting and regulating legally permitted commercial indoor cannabis cultivation sites in the industrially zoned unincorporated areas of Lassen County	Majority	34	✗
Lassen	City of Susanville	Measure R	Whether to establish regulations governing commercial cannabis activities in the city of Susanville.	Majority	39	✗
Los Angeles	City of South El Monte	Measure X	Imposes a 6 percent excise tax on retail cannabis sales to support affordable housing development. The tax would last indefinitely and raise \$126,000 annually.	Majority	45	✗
Los Angeles	City of El Segundo	Measure W	Whether to repeal the City's current prohibition on commercial cannabis and authorize commercial cannabis retailers subject to specified limitations.	Majority	43	✗
Los Angeles	City of Manhattan Beach	Measure MB	Repeal existing ban on commercial cannabis; allow three retailers; authority City Council to authorize other cannabis uses with specified operational, design, and location requirements.	Majority	23	✗
Los Angeles	City of Cudahy	Measure BA	Imposes a tax on cannabis businesses at a rate of 15 percent for retail cannabis facilities. The tax would last raise \$3.5 million annually.	Majority	53	✓
Los Angeles	Los Angeles County	Measure C	Imposes a 4 percent tax on the gross receipts of retail cannabis operations, 3 percent for manufacturing and distribution, \$4 per square foot of mixed-light cultivation, and \$7 per square foot for indoor cultivation in unincorporated areas of the county.	Majority	59	✓
Los Angeles	City of Baldwin Park	Measure CB	Imposes a tax on cannabis businesses at a rate of 4 percent on the gross receipts derived from sales. The tax would raise \$300,000 annually.	Majority	51	✓
Los Angeles	City of South El Monte	Measure CM	Imposes an 8 percent excise tax on retail cannabis businesses and \$25 per square foot for cannabis cultivation to support general city services. The tax would raise \$720,000 annually.	Majority	54	✓
Los Angeles	City of Claremont	Measure CT	Imposes a tax on cannabis businesses at a rate of 1 percent to 4 percent of gross receipts for retail businesses, and the higher of 1 percent to 4 percent of gross receipts or \$1 to \$10 per square foot for other businesses. The tax would raise \$500,000 annually.	Majority	61	✓
Los Angeles	City of Santa Monica	Measure HMP	Imposes a 10 percent gross receipts tax on retail cannabis businesses. The tax would last indefinitely raise \$3 million annually.		66	✓
Los Angeles	City of Hermosa Beach	Measure T	Imposes a tax on cannabis businesses at a rate of \$20 per square foot for cultivation and 10 percent of gross receipts for other cannabis businesses. The tax raise \$1.5 million annually.	Majority	66	✓
Los Angeles	City of Lynwood	Measure TR	Imposes a tax on cannabis businesses at a rate of 5 percent to 10 percent for retail sales. The tax would raise \$3 million annually.	Majority	65	✓
Los Angeles	City of El Segundo	Measure Y	Imposes a tax on cannabis businesses at a rate of \$20 per square foot for cultivation and 10 percent of gross receipts for other cannabis businesses. The tax raise \$600,000 annually.	Majority	70	✓
Los Angeles	City of Manhattan Beach	Measure V	Readopt prohibition on all commercial cannabis within the City and allow limited indoor cannabis cultivation.	Majority	67	✓
Marin	City of Sausalito	Measure K	Repeal existing ban on cannabis sales but authorizing one storefront and one-delivery-only cannabis business imposing a 7.5% on net profits or \$50,000/yr., whichever is greater	Majority	26	✗

COUNTY	LOCALITY	MEASURE	DESCRIPTION	VOTE REQUIRED	YES %	RESULT
Monterey	City of Monterey	Measure J	Imposes a tax of 8 percent of gross receipts from retail cannabis sales, 2 percent of gross receipts from testing, and 6 percent on other cannabis businesses. The tax would raise \$604,000 annually.	Majority	68	✓
Monterey	City of Pacific Grove	Measure N	Imposes a tax on cannabis businesses at a rate of 6 percent for all business activities. The tax would last indefinitely and raise \$300,000 annually.	Majority	71	✓
Orange	City of Huntington Beach	Measure O	Up to a 6% gross receipts tax on retailers, up to a 1% gross receipts tax for all other cannabis businesses.	Majority	55	✓
Orange	City of Laguna Woods	Measure T	The higher of 4%-10% of gross receipts or \$5-\$35 per sq. ft. for. Retail businesses; and 1% - 10% or \$1 - \$35 per square foot for other businesses with annual rate increases. Raises approximately \$750,000 annually	Majority	61	✓
Sacramento	Sacramento County	Measure B	Imposes a 6 percent tax on cannabis dispensary sales, a 4 percent tax on cannabis manufacturing, a 3 percent tax on cannabis distribution, a 2 percent tax on cannabis testing, and a 3 percent tax on cannabis cultivation in the unincorporated parts of Sacramento County. Revenue from the tax would be earmarked for homeless services.	Two-Thirds	53	✗
San Bernardino	City of Montclair	Measure B	Imposes a tax on cannabis businesses at a rate of 7 percent of all gross receipts. The tax would last indefinitely raise \$3.5 million annually.	Majority	71	✓
San Diego	San Diego County	Measure A	Imposes various taxes on cannabis businesses operating in unincorporated areas of the county, including a 6 percent gross receipts tax on the retail sale of cannabis, 3 percent on distribution, 2 percent on testing, 3 percent per square foot of canopy used for cultivation, and 4 percent for other business activity. The tax would raise \$2.93 million annually and last indefinitely.	Majority	57	✓
San Diego	City of Encinitas	Measure L	A gross receipts tax of between 4% and 7% on retail cannabis, 1% to 4% for non-retail cannabis, and \$2 to \$10 per sq ft. of canopy for cultivation; expected to raise \$800,000 to \$1.4m.	Majority	65	✓
San Mateo	City of Burlingame	Measure X	An annual gross receipts tax, not to exceed 5%, upon each person engage in a cannabis business.	Majority	75	✓
Sonoma	City of Healdsburg	Measure M	Imposes an 8 percent gross receipts tax on the retail sale of cannabis to support general city services. The tax would last indefinitely and raise \$500,000 annually.	Majority	72	✓
Tulare	City of Exeter	Measure B	Imposes an excise tax on cannabis businesses at a rate of \$25 per square foot of commercial cannabis business area to support general city services. The tax would remain active indefinitely and raise an unspecified amount of revenue.	Majority	67	✓
Tulare	City of Tulare	Measure Y	Imposes a tax on cannabis businesses at a rate of \$10 per square canopy foot for cultivation, 10 percent of gross receipts for retail cannabis businesses, and 10 percent for all other cannabis businesses. The tax would remain active indefinitely and raise an unspecified amount of revenue.	Majority	66	✓
Yolo	City of Woodland	Measure K	Imposes up to a 10 percent gross receipts tax on sales made by cannabis businesses. The tax would remain active indefinitely and raise an unspecified amount of revenue.	Majority	66	✓

Fall 2022

SIMULATING MARKET OUTCOMES OF CULTIVATION TAX REMOVAL IN CALIFORNIA

CANNABIS POLICY SIMULATION LAB

This case study is independent research from Cannabis Public Policy Consulting (CPPC) and is not sponsored by the state of California. For questions or comments related to this case study, please reach out to msofis@cannabispolicyconsulting.com

Citation: Sofis, M.J.(2022). Simulating Market Outcomes of Cultivation Tax Removal in California. *Cannabis Public Policy Consulting*. Retrieved from www.cannabispolicyconsulting.com

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Introduction

Cannabis Policy Simulation Lab: Solving Cannabis Policy Questions with Data Science

The Cannabis Policy Simulation Lab integrates a joint database that includes the quarterly Regulatory Determinants of Cannabis Outcomes Survey (RDCOS) outcomes and state cannabis policies with predictive analysis that simulate likely future outcomes if certain cannabis policies are implemented. The scale of recruitment and breadth of cannabis outcomes assessed with the RDCOS drives the ability to simultaneously evaluate within-state (e.g., localities opting-in vs. opting-out of cannabis activities) and between-state comparisons of cannabis policies on over 200 cannabis outcomes. When coupled with the frequency of data collection, this facilitates an unprecedented opportunity to provide evidence-based insights rapidly and dynamically on the unique roles of cannabis policies on countless societal outcomes.

Examples of policies simulated in the Cannabis Policy Simulation Lab include, but is not limited to the following state-specific variables:

- Overall jurisdiction (illegal, medical only, or medical & adult use)
- Tax policies (e.g., cultivation excise tax, cannabis business tax, etc.)
- Type of medical qualifying conditions by state
- Cannabis dispensaries per capita and per geographic area
- Driving under the influence laws
- Presence of legal medical and adult use delivery
- Duration of time (months) since implementation of medical cannabis laws and since implementation of adult use laws.

Simulation Highlights

1

01

Using regulated market sales data from California from 2018-2022, we estimate the effective tax rate from eliminating the cultivation tax (AB-195) resulted in a **3.1% net improvement of cost savings for licensees**. Depending on the percentage of these net revenue improvements passed on to point-of-sale pricing, we estimate between a **\$0.20 and \$0.40 reduction in the price per gram of cannabis** in California since late July 2022.

02

Using empirical data, we have concluded that **the majority of cannabis consumed by Californians comes from regulated sources**, in contrast to claims made by outlets using business intelligence data as opposed to empirical sources.

03

In this same vein, our findings suggest that **many Californians in opt-out localities likely travel to opt-in localities to purchase their cannabis**, indicating that opt-out localities may not be driving illicit purchasing behavior.

04

Using data collected in April and August 2022 from the Regulatory Determinants of Cannabis Outcomes Survey (RDCOS) conducted by CPPC, **we ran a between-state analysis and a within-California analysis** (compares opt-out and opt-in localities in a condensed geographic area) to model the impact of AB-195. **In both models we found that the percent of regulated cannabis consumed by Californian's shifted upwards** by a combined average of approximately 1.3%.

05

Although 1.3% may not seem overwhelming, it is important to note that all nine states with adult use cannabis represented in the Regulatory Determinants of Cannabis Outcomes Survey are within a 20% range of regulated cannabis demand, which suggests that a 1.3% improvement is notable when considered as a function of that 20% range.

Models and Outcomes Overview

Among the nine states with adult use cannabis markets represented in the RDCOS, California was the only state to implement a policy between the RDCOS quarterly issuance (April and August of 2022) that would presumably have any effect on the proportion of illicit/regulated cannabis accessed by consumers. Notably, California had the single largest shift in regulated adult use and delivery sales among these states (see Figure 3).

Based on the recency of the implementation of AB-195, and the consistency of the findings from the models presented herein, it seems likely that the impact on prices of adult use cannabis in California will continue to decline in time before eventually flatlining. Based on our Willingness to Pay (WTP) data, it is likely that the closer retail cannabis prices per gram get to \$10.50/gram, the more rapidly and consistently consumers will shift to the regulated market.

The odds that the 1.3% increase in regulated cannabis accessed by in-state consumers occurring between April and August was impacted by AB-195's implementation is likely given the following...

- The between-state and within-California models presented in this report each averaged a very similar modest improvement in the percent of total regulated cannabis accessed in California. Specifically, the two approaches revealed 0.7% and 1.5% improvements, respectively (i.e., average net increase of 1.3%).
- The model results generalized from comparisons to other states, to comparisons within California wherein opt-in vs. opt-out comparisons were made in a specific county (to control for between-county variations).
- We used three sub-models for the within-California overall model, which employed differential mathematical and model assumptions (such as accounting for additional variables), thus likely providing more balanced and conservative estimates.
- A 2020 report produced by another firm² reported that approximately 62% of the differences in production costs between regulated and illicit cannabis sources is at the result of cultivation tax, which AB-195 removes further supporting why an initial shift towards regulated use was found in our modeling.
- We used the same recruitment procedures and survey items for the April and August studies, which effectively rules out arguments that the current findings are due to differences in methods across the two survey administrations.

Models and Outcomes Overview

Together, the above findings suggest that the implementation of AB-195 likely led to what is realized as a \$0.20 to \$0.40 cent per gram reduction in prices of adult use cannabis in California since late July of 2022.

Assuming based on available evidence that the average price per gram of cannabis in California is approximately \$13.00/gram, the \$0.20 to \$0.40 savings derived so far from AB-195 likely represents 9% of the way towards a goal of \$10.50/gram in California. Therefore, notable additional policy or market factors that impact prices of adult use cannabis in California will likely be needed to continue the observed increase in regulated purchases.



Illicit Cannabis Demand California Benchmarking and Overview

The proportion of total cannabis that is accessed illicitly by Californian consumers is likely dramatically lower than are reported by business intelligence reports. Claims that an upwards of 70%-90% of cannabis accessed in California is illicit³⁴⁵ are very unlikely to be accurate for many reasons. Concerningly, this figure has been reported in the media for approximately three years.

- As shown in Figure 1, cannabis demand for regulated cannabis has continued to increase year-over-year since implementation of adult use market access. Based on existing evidence from other states, it is extremely unlikely that total cannabis demand in California (illicit & regulated combined) has risen as much as cannabis demand for illicit cannabis. Therefore, the percent of illicit cannabis consumed in California cannot continue to be projected as much 80% when it is evident that the demand for regulated cannabis is growing at a faster rate than illicit continuously.
- The RDCOS data collected in April and August of 2022 assessed five different types of illicit cannabis sources. Our estimates suggest most of the cannabis consumed by Californians is regulated. As shown in Figure 1, we estimate that 73% of cannabis accessed by Californians is from regulated sources.

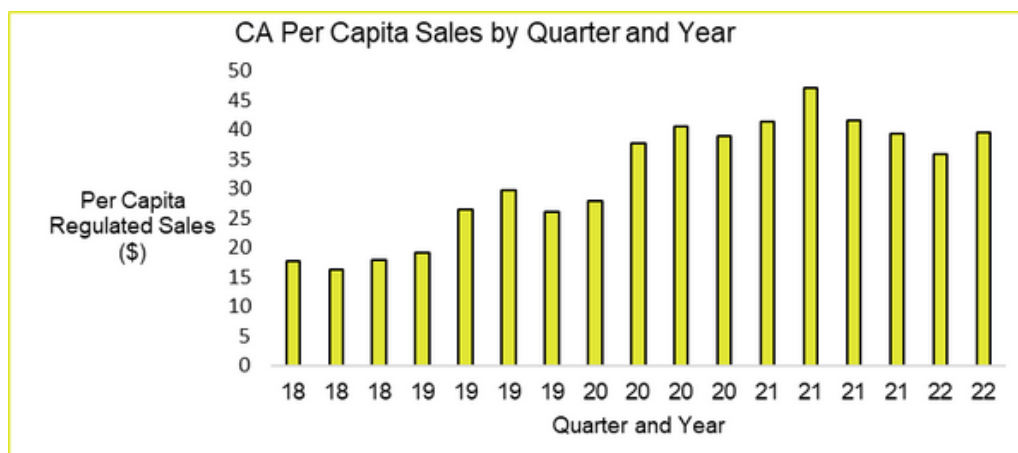


Figure 1. CA Per Capita Sales by Quarter and Year

[3] <https://www.npr.org/2021/11/07/1053387426/5-years-after-california-legalized-weed-the-illicit-market-dominates>
[4] <https://www.politico.com/news/2021/10/23/california-legal-illicit-weed-market-516868>
[5] The RDCOS uses behavioral economics to understand consumer cannabis consumption and access in addition to interactions with cannabis markets. Cannabis illicitly accessed is different than cannabis illicitly produced. While the figures captured in this report are based on in-state demand, a vital measure of cannabis market success, it should be noted that it does not provide an estimate of illicit cannabis that is being grown in California with the intent of supplying consumers outside of California. Additionally, the RDCOS does not capture tourism consumption data, as all respondents for each state are verified residents of the state they are responding for.

- As seen in the Figure 2 below, more mature adult use markets have higher rates of regulated cannabis use, and as of August, California is on track for the percentage of cannabis that is regulated among Californians that is anticipated (see dark blue trend line indicating expected performance). This is highly likely to be a result of AB-195.

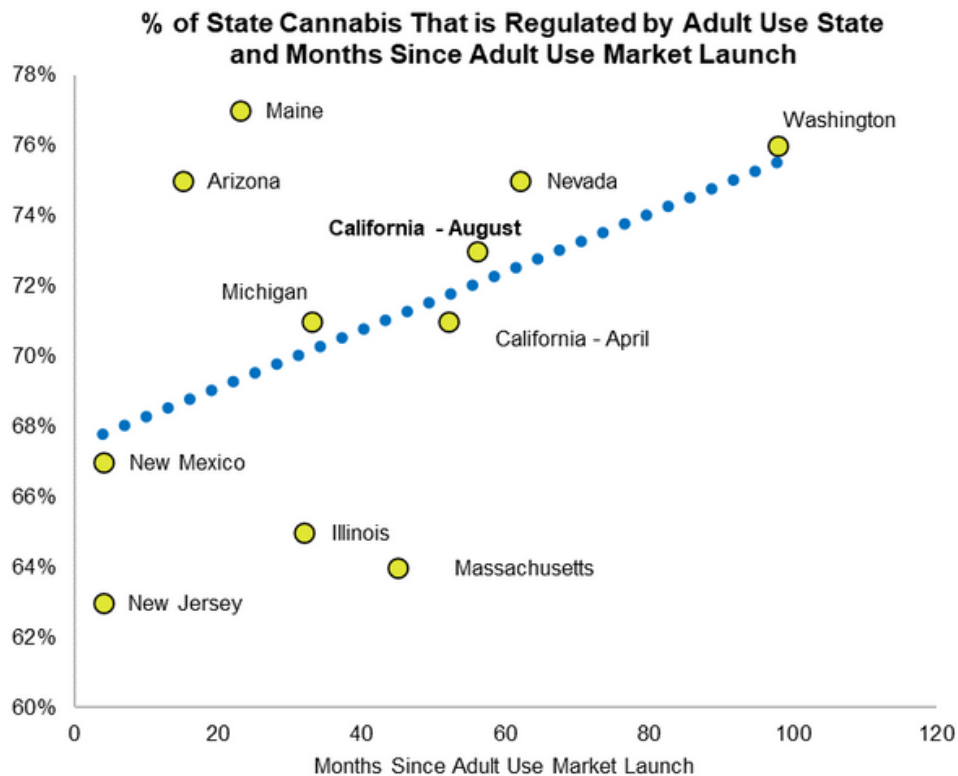


Figure 2. % of Accessed State Cannabis That is Regulated and Months Since Adult Use Market Launch

- Although there are likely illicit suppliers who intend to divert cannabis to other states, which when accounted for would provide a lower estimated percentage of cannabis that is regulated, we used several methods to help validate our illicit cannabis accessed estimates.

Between-State Model

We compared state-level changes between April and August of 2022 using our survey across nine states with adult use cannabis programs. We examined the percent of any increase in adult use and regulated delivery in the RDCOS adult use states to derive a proportion improvement score in adult use/regulated delivery across all states. As shown in Figure 3, California showed the largest proportion (regulated/total cannabis) improvement in adult use and regulated delivery of all nine RDCOS adult use states.

Given that California was the only one of these states who implemented a policy as notable as AB-195 (as it relates to regulated cannabis), and because it was implemented precisely in between the administration of the April and August 2022 surveys, it seems more than coincidental that California showed the single largest

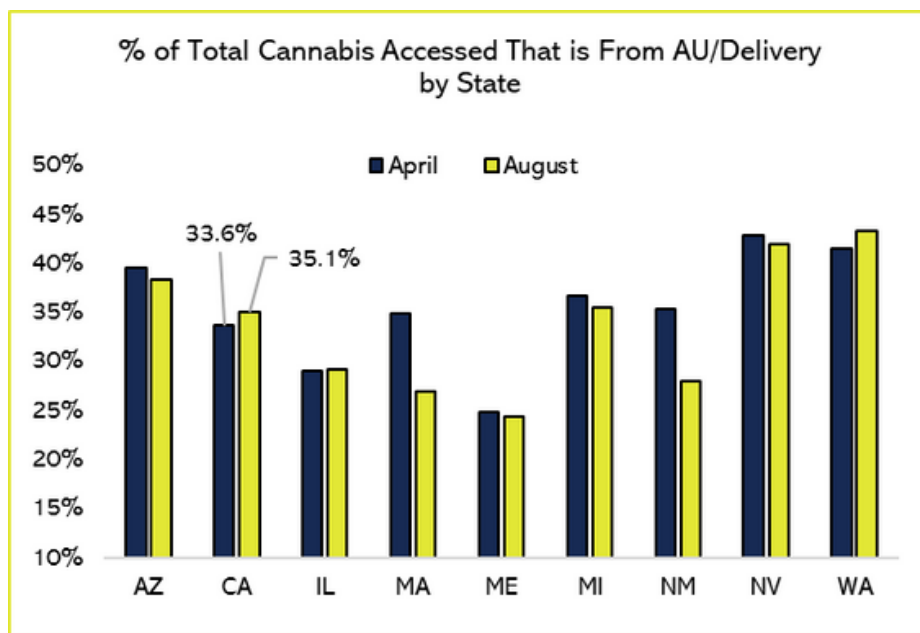


Figure 3. % of Total Cannabis Accessed from AU/Delivery

improvement of any state in adult use/regulated delivery cannabis accessed as a proportion of changes in total cannabis. Moreover, Californians reported almost identical purchasing of cannabis from dealers between April and August of 2022. This net shift would be expected given that the removal of the cultivation tax should have produced cost reductions, thus lowering point-of-sale prices in the Adult Use market modestly, and incentivizing consumers away from the illicit purchasing.

As shown in Figure 2 on the previous page, the average estimated percent of total cannabis that accessed by Californian's that was regulated was 71.5% in April, prior to the removal of the cultivation tax in early July, and then was 72.7% when assessed using our survey in late in August.

The trendline in the figure is a product of linear regression model which shows that at least when examining the percent of total cannabis consumed by residents from each state (i.e., not counting inverted and diverted cannabis), the percent of cannabis that was regulated shifted from slightly below average compared to the other states in April (i.e., below blue trend line) to slightly above average in August (i.e., above blue trend line). Put differently, based on relationship between time since adult use market launch and percent of cannabis that is regulated, California was slightly behind pace prior to implementing AB-195 but moved to slightly ahead of pace afterwards.

Within-California Model

For the second series of analyses modeling shifts in regulated cannabis use as a function of the implementation of AB-195, we compared Los Angeles City (Opt-in) to 14 opt-out localities also located in Los Angeles County using participants from April and August RDCOS administration. The opt-out localities included Beverly Hills, Torrance, Hawthorne, Santa Clarita, Gardena, Glendora, Claremont, West Covina, Burbank, Agoura Hills, Inglewood, Monterey Park, Bell Gardens, and San Dimas.

To provide a conservative estimate of shifts in percent of total cannabis that is regulated, we used three separate models that compared relative regulated and illicit cannabis (as a function of total cannabis accessed) between April and August timepoints and between Opt-in vs. Opt-out localities. Specifically, we used three different mathematical assumptions when examining change in cannabis across time, and used different metrics of relative illicit consumption to provide a more conservative and balanced estimate of change in regulated use. The average of the three within-California models demonstrated a net increase in illicit cannabis across opt-in and opt-out localities that was driven by a net increase in regulated cannabis in opt-in localities

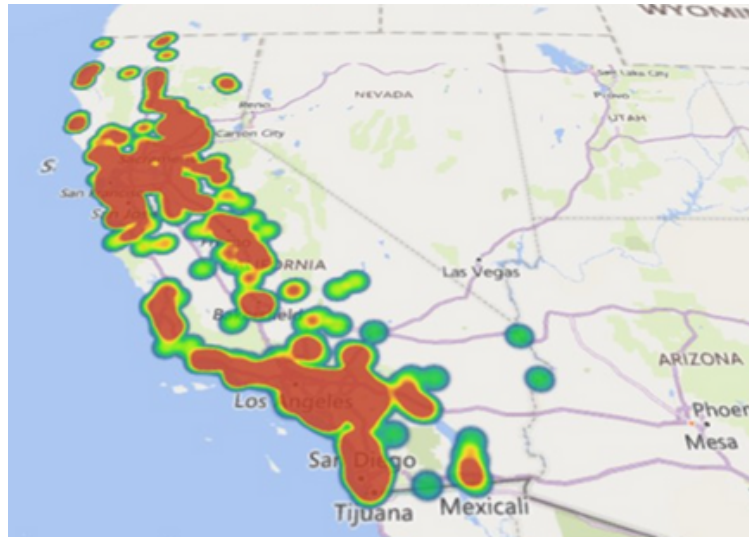


Figure 4. Heat Map Showing Zip Codes of RDCOS Respondents in California (April and August 2022)

Net Shift in Regulated Cannabis Consumption

	Opt-Out	Opt-In	Net % Change
Average of Three LA County Models	-1.1%	+1.8%	+0.7%

Study Conclusions



Using survey data collected from thousands of Californians in April and August of 2022, we found that the elimination of the cultivation tax for licensees in California (AB-195) in July likely produced a small but notable shift towards a greater percent of total cannabis in California that cannabis accessed from regulated sources.



More research is needed to replicate these findings and to examine the extent to which these gains are maintained moving forward, but in the realistic event that these gains are maintained, then additional policy actions like AB-195 that improve the realized revenue of licensees appear prudent.

Better Data. Better Policy. Better Outcomes.

For more information about this simulation, please contact CPPC.

Contact

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