

NOTICE OF MEETING & AGENDA

Friday, March 8, 2024
11:30 a.m. – 12:30 p.m.

1100 K Street, Suite 101
Sacramento, CA 95814

REMOTE LOCATIONS

Yolo County
625 Court St., Room 103
Woodland, CA 95695

Humboldt County
825 5th Street
Eureka, CA 95501
Room 111

San Luis Obispo County
Auditor-Controller-Treasurer-Tax Collector
1055 Monterey St. Rm D-290
San Luis Obispo, CA 93408

Santa Barbara County Admin building
105 E Anapamu Street
Santa Barbara, CA 93101
4th floor – Room 413

Inyo County
Office of the Treasurer-Tax Collector
168 N. Edwards Street
Independence, CA93526

Zoom Access

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

Meeting ID: 826 716 0176

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

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.

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AGENDA

- I. 11:30 am Opening Remarks & Roll Call
Tom Haynes, President
- II. 11:35 am Approval of Minutes (See Attached)
Tom Haynes, President
- III. 11:40 am Legislative Update / Regulatory Update
Greg Turner, Executive Director / Counsel CCA
Cara Martinson, Public House Consulting
- IV. 11:50 am Platform / Federal Update
Adam Crabtree, NCS Analytics
- V. 12:00 pm Organizational Update
Greg Turner, Executive Director / Counsel CCA
 - A. FY 23-24 Budget Update (See Attached)
 - B. FY 24-25 Update
- VI. 12:25 pm Public Comment
- VII. 12:30 pm Adjourn

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



CCA Board Meeting
Via Video / Teleconference Call/In-Person
December 15, 2023

MINUTES

December 15, 2023 via Video / Teleconference Call/In Person - Meeting called to order at 11:05am

1. Roll Call

- X Rex Bohn , Supervisor Humboldt County
- X 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 Brittany Odermann, Deputy CEO Santa Barbara County

Others: Greg Turner, Adam Crabtree, Christy Higgins, Tim Townsend, Cara Martinson, Carmela

2. Approval of Minutes

Minute from BOD Meeting – September 22, 2023 presented and reviewed. Motion to approve by Jim Hamilton with second by Brittany Odermann.

3. Organizational Update – Greg Turner

- A. FY 23-24 Budget reviewed and discussed. Some changes as Lake County did not join. Greg Turner advised it appears there is sufficient resources to get through the fiscal year. He further advised there may need to be adjustments in the Spring.
- B. 2023 -24 Work plan reviewed and discussed. Next BOD Meeting set for March 8th @ 11:30am.

4. Legislative Update – Cara Martinson, Public House Consulting

Cara Martinson advised despite our bill being held in suspension, we were able to spark interest in the legislature working with local government on these issues. We now have an audience within the legislature.

5. Platform Update – Adam Crabtree

Adam Crabtree advised one of the biggest overhauls of the system ever is underway and changes can be expected in the new year.

6. Public Comment - None

7. Adjourned at 12:08pm

AB 1775 – Haney

Cannabis: retail preparation, sale, and consumption of non-cannabis food and beverage products.

This bill would authorize a local jurisdiction, if specified conditions are met, to allow for the preparation or sale of noncannabis food or beverage products, as specified, by a licensed retailer or microbusiness in the area where the consumption of cannabis is allowed, to allow for the sale of prepackaged, noncannabis-infused, nonalcoholic food and beverages by a licensed retailer, and to allow, and to sell tickets for, live musical or other performances on the premises of a licensed retailer or microbusiness in the area where the consumption of cannabis is allowed. The bill would additionally specify that these provisions do not authorize a licensed retailer or microbusiness to prepare or sell industrial hemp or products containing industrial hemp, as provided.

1/16/2024-A. B.&P.

1/16/2024-Referred to Coms. on
B. & P. and G.O.

AB 2223 – Auilar-Curry

Cannabis: industrial hemp.

This bill would state that MAUCRSA does not prohibit a licensee from manufacturing, processing, distributing, or selling products that contain industrial hemp or cannabinoids, extracts, or derivatives from industrial hemp if the product complies with all applicable state laws and regulations. The bill would authorize a licensed manufacturer or microbusiness to obtain industrial hemp from a person registered with the State Department of Public Health, as specified, and would require industrial hemp purchased by a licensee to be tracked as a separate batch through the manufacturing process. The bill would require a licensee that manufactures, distributes, or sells products that contain industrial hemp to record all transactions and specified data in the state track and trace system. The bill would prohibit a licensed manufacturer from incorporating delta-9 tetrahydrocannabinol that has been converted from a hemp-derived cannabinoid and would also prohibit licensed retailers and distributors from selling or distributing cannabis or hemp products that contain converted delta-9 tetrahydrocannabinol. The bill would require the department to implement a process by which any licensee that is also a registered hemp manufacturer may use the same premises. This bill contains other related provisions and other existing laws.

2/7/2024-A. PRINT

2/8/2024-From printer. May be
heard in committee March 9.

AB 2296 – Villapudua

Enhancements: concentrated cannabis.

This bill would additionally authorize this sentencing enhancement to be applied for a conviction of these crimes if they involve concentrated cannabis and the commission of the crime occurs in a structure where a child under 16 years of age is present or causes a child under 16 years of age to suffer great bodily injury, as specified. By creating a new sentencing enhancement, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

2/12/2024-A. PRINT

2/13/2024-From printer. May be
heard in committee March 14.

AB 2540 – Chen

Cannabis: license transfers.

This bill would also grant to the department the sole authority to transfer, assign, or reassign those licenses. The bill would declare that its provisions further the purpose and intent of AUMA. This bill contains other existing laws.

2/13/2024-A. PRINT

2/14/2024-From printer. May be
heard in committee March 15.

AB 2555 – Quirk-Silva

Sales and use tax: exemption: medicinal cannabis: donations.

This bill would extend various provisions of MAUCRSA that expire 5 years after their operative dates indefinitely. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

2/14/2024-A. PRINT

2/15/2024-From printer. May be heard in committee March 16.

AB 2888 – Chen

Cannabis: Invoices: payment

This bill would, except as specified, require a licensee to pay for goods and services sold or transferred by another licensee no later than 15 days following the final date set forth in the invoice. The bill would require a licensee who sold or transferred goods to another licensee and who has not received payment in full 15 days after the final date set forth in the invoice to report the unpaid invoice to the department, as specified. The bill would require the department to notify a licensee of this report, and would require the department to commence a disciplinary action against the licensee if the licensee fails to pay the outstanding invoice in full by 30 days after this notification, as specified. The bill would prohibit the licensee from purchasing goods and services from another licensee on credit until the licensee pays the outstanding invoice in full. This bill contains other existing laws.

2/15/2024-A. PRINT

2/16/2024-From printer. May be heard in committee March 17.

AB 3054 - Berman

Cannabis: appointees: prohibited activities.

This bill would also prohibit individuals appointed by the Governor to specified positions in the department of cannabis control from engaging in certain activities, including from receiving any commission or profit whatsoever, directly or indirectly, from any person applying for or receiving any license or permit, as described.

2/16/2024-A. PRINT

2/16/2024-Read first time. To print.

SB 820 – Alvarado-Gil

Cannabis: enforcement: seizure of property.

The bill would, subject to specified exceptions, authorize the department or a local jurisdiction, after obtaining an inspection warrant, to seize specified property in the place or building, or within any yard or enclosure, where commercial cannabis activity is conducted without a license required by MAUCRSA. The bill would also authorize the department or a local jurisdiction to seize a vehicle used to conceal, convey, carry, deliver, or transport cannabis or cannabis products by or for a person engaging in commercial cannabis activity without that license, except as specified. The bill would impose requirements for notice of seizure, forfeiture proceedings, and the sale and distribution of proceeds upon a judgment in favor of the forfeiture.

1/29/2024-A. DESK

1/29/2024-Read third time.

Passed. (Ayes 36. Noes 0.)

Ordered to the Assembly. In

Assembly. Read first time. Held at Desk.

SB 1064 – Laird

Cannabis

This bill would state the intent of the Legislature to enact subsequent legislation to strengthen the state's legal cannabis market.

2/8/2024-S. RLS.

2/9/2024-From printer. May be acted upon on or after March 10.

SB 1503 – Archuleta

Cannabis: workers and license requirements.

This bill, for purposes of these provisions, would determine the number of employees of an applicant or licensee by reference to the applicant or licensee’s federal employer identification number, individual tax identification number, or social security number, as specified. The bill would require an applicant to provide that information. This bill contains other related provisions and other existing laws.

[2/16/2024-S. RLS.](#)

[2/16/2024-Introduced. Read first time. To Com. on RLS. for assignment. To print.](#)

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. These include:

- **Board of State and Community Corrections Loan**—A budgetary loan of \$100 million from the Cannabis Tax Fund to the General Fund is proposed from resources not currently projected to be used for operational or programmatic purposes. (See the Cannabis Section in the General Government and Statewide Issues Chapter for more information.)
- **Adult Reentry Grant**—A one-year pause of \$57 million General Fund for the Adult Reentry Grant in 2024-25, with the 2024-25 funding reallocated across three years beginning in 2025-26 at \$19 million each year.
- **Cal VIP Grant Program**—A reduction of \$9 million General Fund beginning in 2025-26, which will be replaced by funding from the newly created Gun and Ammunition Tax. Chapter 231, Statutes of 2023 (AB 28) established the Gun and Ammunition Tax in California, which funds the Gun Violence Prevention and School Safety Fund. Beginning in 2025-26, it is estimated that up to \$75 million will be continuously appropriated to the Board of State and Community Corrections annually to administer and award Cal VIP grants, which may be used in lieu of General Fund.
- **Firearm Relinquishment Programs**—The Budget includes two General Fund reductions for programs that would otherwise have been administered in the current year: \$21 million for the Office of Emergency Services Gun Buyback Program and \$20 million (of the \$40 million appropriated) for the Judicial Council Firearm Relinquishment Grant Program.
- **Public Defender Pilot Program**—A reduction of \$40 million one-time General Fund in 2023-24, the third and final year of funding for the Public Defender Pilot program. Funding for this pilot Grant Program was distributed in 2021-22 and 2022-23 (\$100 million total), which will allow for the program evaluation as planned.
- **Community Corrections Partnership Plan**—A reduction of \$8 million General Fund beginning in 2024-25 and ongoing for counties that provide Community Corrections Partnership Plans and reports.
- **Proud Parenting Grant Program**—A reduction of \$835,000 General Fund beginning in 2024-25 and ongoing to the Proud Parenting Grant Program. The grant program has been administered by the Board of State and Community Corrections since 2005;

California Economy & Taxes

Cannabis Tax Revenue Update: February 2024

February 27, 2024

- [Seth Kerstein](#)

Background. In November 2016, California voters approved [Proposition 64](#), which legalized the nonmedical use of cannabis. Proposition 64 created two excise taxes on cannabis: a retail excise tax and a cultivation tax. Chapter 56, Statutes of 2022 (AB 195, Committee on Budget) eliminated the cultivation tax on July 1, 2022.

Preliminary Total for Fourth Quarter of 2023: \$157 Million. The administration currently estimates that retail excise tax revenue was \$157 million in the fourth quarter of calendar year 2023. The revised estimate for the third quarter of 2023 is now \$164 million, up 4 percent from the \$157 million preliminary estimate announced in November.

Current LAO Forecast for 2023-24: \$675 Million. We currently project cannabis tax revenues of \$675 million in 2023-24. This forecast is \$15 million above the January Governor's Budget forecast. As shown in the figure below, the resulting 2024-25 revenue allocations are very similar to the administration's January projections. Looking further ahead, our preliminary revenue projection for 2024-25 is \$789 million, which is \$95 million above the administration's January forecast for 2024-25.

Cannabis Tax Revenue Outlook

(In Millions)

	January 2024 Governor's Budget Forecast	February 2024 LAO Forecast
2023-24 Revenue	\$660	\$675
Allocation 3 Amounts in 2024-25		
Youth Account		
Department of Public Health	\$12	\$12
Department of Social Services (Child Care)	247	254
Department of Health Care Services	66	68
Natural Resources Agency	17	17
Environmental Account		
Department of Fish and Wildlife	\$68	\$70
Department of Parks and Recreation	46	47
Law Enforcement Account		
California Highway Patrol	\$50	\$50
Board of State and Community Corrections	64	67



Budget Update

	FY 2021-22 Actual	F/YE 2022-23 Actual	FY 23-24 Adopted	1Q & 2Q	
Sources:					
BEGINNING YEAR FUND BALANCE AVAILABLE	96,524	171,284	206,751		
Adjustments for Timing on A/R and A/P					
CASH AVAILABLE					
REVENUES:					
Base Membership Dues		168,000	168,000	77,000	46%
Platform Usage Charges		759,500	413,125	176,750	43%
Total From Membership Fees	967,755	927,500	581,125	460,501	
Other Funding (Grants / FC)					
Interest	843	3,007	1,200	2,351	196%
TOTAL SOURCES	968,598	930,507	582,325	462,852	
Uses:					
EXPENDITURES:					
	Codes				
Professional Services	5050340	135,800	242,405	202,950	108,550 53%
Outside Legal Services	5050320	96,000	96,000	96,000	48,000 50%
Insurance	5050160	-	4,853	2,500	-
Audit	5050030	-	24,250	10,300	450 4%
Program Marketing	5050010	5,000	123	3,600	-
Website Management	5050100	4,744	5,412	5,500	2,041 37%
Sponsorship Fees (Misc Exp)	5050270	675	1,000	-	-
Data Platform Fees (Data Communications)	5050100	638,091	513,359	297,450	154,031 52%
Board Travel	5050450	-	359	4,500	-
Telephone / Telecommunications	5050440	-	-	-	-
Board Meetings	5050125	5,622	1,097	768	-
Credit Card Fees	5050095	835	695	-	-
Office Expenses	5050280	2,690	5,487	7,000	3,535 51%
TOTAL EXPENDITURES:					
Fixed Costs		250,691	381,681	333,118	162,576 49%
Variable Costs		638,766	513,359	297,450	154,031 52%
		889,457	895,040	630,568	316,607 50%
Exigencies		79,141	35,467	(48,243)	146,245
TOTAL USES		968,598	930,507	582,325	462,852