



CANNABIS
DISTRIBUTION
ASSOCIATION

August 26, 2022

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Senate Bill 1326 (Caballero) – Cannabis: Interstate agreements
Enrolled August 25, 2022 – **REQUEST FOR SIGNATURE**

Dear Governor Newsom:

On behalf of the Rural County Representatives of California (RCRC) and the Cannabis Distribution Association (CDA), we respectfully request your signature on Senate Bill 1326, authored by Senator Anna Caballero, which would authorize the State of California to enter into agreements with other states allowing commercial cannabis activity (both medicinal and adult-use) between licensed cannabis businesses in each state.

California legalized cannabis for both medicinal and adult-use through the passage of Prop 64 (2016). However, state law currently limits commercial cannabis activities within California's borders and prohibits California's cannabis licensees from engaging in interstate commerce. Historically, most of the cannabis grown in California was exported, up to 80% by some estimates, and this prohibition has consequently left many California cannabis growers with no viable pathway into the legal, regulated market.

SB 1326 would authorize the Governor to enter into an agreement with other states to provide lawful cannabis interstate commerce. The bill requires agreements to include enforceable public health, safety, and labeling standards, a system to regulate and track cannabis items, and further requires that items delivered to California must be tested, packaged, and labeled in compliance with current state law. SB 1326 provides that interstate cannabis agreements under the bill cannot go into effect until there is an appropriate assurance that these agreements will not cause conflict between the State of California and the federal government. Lastly, the bill includes mechanisms for legislative involvement and oversight in the development of interstate agreements.

Many cannabis businesses, particularly in rural producing regions of California, are struggling to survive, and market expansion through interstate commerce is part of the solution to stabilize the legal industry and incentivize participation in the regulated market. Without considerable market expansion California risks the collapse of portions of the legal industry,

devastating many rural communities, which could lead to significant expansion of the illicit market and dire economic impacts on local economies.

SB 1326 provides a relief valve for the oversupply of cannabis, an opportunity to grow California's brand and market share, support job creation, and gives the state a competitive advantage as federal policy develops.

Creating a structure to develop lawful interstate agreements now rather than potentially waiting years for federal legalization will bolster California's struggling cannabis industry in a time of near extinction for many small and legacy businesses, while benefiting consumers and medical patients who need access to high-quality cannabis products.

There is, and always has been, national demand for high-quality cannabis from California, and this bill creates a legal pathway to meet that demand. For the above reasons, RCRC and CDA respectfully request your signature on SB 1326. There is no registered opposition to the bill. Please contact Sarah Dukett (RCRC) at sdukett@rcrnet.org, or Jason Bryant (CDA) at jason@bryantga.com if you have any questions regarding our request. Thank you for your consideration.

Sincerely,



Sarah Dukett
Policy Advocate
RCRC



Lauren Fraser Cote'
Co-Chair
CDA

cc: The Honorable Anna Caballero, California State Senate
Stuart Thompson, Deputy Legislative Secretary, Office of Governor Gavin Newsom
Angela Hill, Deputy Director of Government Affairs, Department of Cannabis Control