

## Cannabis licensing reform act signed into law

December 8, 2023



Across California, small-family licensed cannabis farmers are struggling to make ends meet amidst historic market instability. Many can't even afford to put plants in the ground, only to harvest a product that won't make a profit.

Yet, growers are required to pay full freight for their state cultivation license—up to tens of thousands of dollars annually—even if they don't plant that year. This harsh economic reality, paying for a license they may not even use, doesn't make any sense and it's helping drive instability into the market.

That's why Senate President Designee Mike McGuire advanced SB 833, the Cannabis Licensing Reform Act, this year.

The process for an inactive or downgraded cultivation license already exists at local levels but currently there is no statewide equivalent that allows cannabis farmers to pause or reduce their crop size without paying the full annual fees.

The cultivation license for 10,000 square feet to one acre farm is \$40,000 to \$50,000.

McGuire’s legislation will allow cannabis farmers to either pause their license fee, but maintain an inactive license, or reduce their license size based on crop size, saving the farmer money.

“SB 833 is all about common sense. Just like with other agricultural crops, cannabis farmers shouldn’t go under from one bad season, whether it’s from a tough market, drought, or even a wildfire. Right now, cannabis farmers must pay their state license fees regardless—or forfeit them all together. This is nuts and that’s why we advanced this legislation.”

Farmers need flexibility in this erratic market and if they grow less, they should pay less. It’s that simple,” Senator McGuire said.

SB 833 was signed into law by Governor Gavin Newsom and will go into effect January 1, 2024.