



General Government Committee  
501 Low Gap Road  
Ukiah, CA 95482

February 27, 2023

*Item 2c) Discussion and Possible Action Including Direction to Staff Regarding the Development of Mendocino County's 2023 Legislative Platform (Sponsor: Executive Office)*

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Honorable Supervisors,

In reviewing the list of items pertaining to cannabis in the Legislative Platform for 2023 on page 13 and 14, MCA strongly recommends adding in the following items to the document, which had previously been approved by the GGC on December 12, 2023<sup>1</sup>:

**1. Streamline Transfers from Mixed-Light 1 to Outdoor License Types for Eligible Cultivators**

Under a recently amended regulation<sup>2</sup> the DCC redefinition of “outdoor” cultivation to include the use of light deprivation under a “mixed light 1” license type would allow cultivators to operate under the less expensive “outdoor” license type. At this time, the revised regulation would require applicants to submit an entirely new application to take advantage of this change which, given the State provisional deadlines, may force applicants out of their existing provisional licenses and force them to cease cultivating while their new application is approved. We suggest that the County Legislative Platform include requests for the streamlining of this transition between license types and that those in transition are not locked out of provisional licensure.

Further, we recognize that the license transition from “mixed-light 1” to “outdoor” under this allowance will involve substantial time, energy, and financial resources from cultivators, which may discourage many cultivators from applying for the license type for which they could legally qualify.

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<sup>1</sup> GGC Recording from 12-12-2022 <https://www.youtube.com/live/Sqs1asr7RcU?feature=share&t=4253>

<sup>2</sup> [https://cannabis.ca.gov/wp-content/uploads/sites/2/2022/11/dcc\\_consolidation-cert\\_final\\_text\\_2022-1107\\_showing-changes.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2022/11/dcc_consolidation-cert_final_text_2022-1107_showing-changes.pdf)

## **2. Increase Access to Microbusiness Licensure through Regulation Appropriate for Small-Scale and Rural Operations**

The state microbusiness license was included in Proposition 64 in an attempt to establish exclusive access to on-farm vertical interaction specifically for small, rural producers. Unfortunately, this goal was not achieved. Instead, microbusiness licenses have been utilized to facilitate vertical integration by medium and large-scale businesses, while only a handful of microbusiness licenses have been granted to small farmers based in rural areas.

Barriers to microbusiness licensure will need to be addressed at both the state and local level in order to make this license type viable for small producers. While more work needs to be done at the county level, the county can also work to push forward reforms at the state level that will facilitate our local process. Here are some specific and achievable adjustments to state-level microbusiness regulations that will restore Proposition 64's original intent:

### **2a. Align Microbusiness Security Requirements with Existing Security Requirements for Cultivation**

Recognizing the unique situation facing small rural farmers, DCC regulations currently exempt cultivation premises from certain security requirements applicable to other licensed operations, including requirements for video surveillance, alarm systems, and locks. While state regulations have not yet exempted non-cultivation areas of a microbusiness premises from these security requirements, these general cultivation exemptions can be applied to non-cultivation areas of a microbusiness as the DCC's ISOR exemption statement for cultivation locations equally applies to areas of a microbusiness premises located in an outdoor, rural area.

The specific language exempting cultivation notes that it is "unreasonably onerous and in some cases not possible" to install compliant video surveillance and alarm systems in these areas. The same conditions apply to non-cultivation areas of a microbusiness premises in an outdoor, rural area "*where it may be difficult to access internet or electricity.*" (DCC language) It is fully expected that this exemption will be extended to microbusinesses state-wide.

MCA further recommends that the County implement this exemption from such onerous security measures on the local level and thereby effectively cease the "locking out" of small farms seeking microbusiness licensure.

### **2b. Remove the requirement for a wall between retail and non-retail areas of a microbusiness premises.**

Existing DCC regulation requires a wall to separate retail and non-retail areas of a microbusiness premises. For a microbusiness located on a homestead farm in particular, this section may require the construction of an unnecessary wall, and in some cases may render microbusiness licensure impractical.

MCA further recommends that the County not require a wall to separate non-storefront retail areas from non-retail areas of a microbusiness.

**2c. Remove the liability insurance requirement for a distributor self-transport licensee, and tier these insurance requirements by size for all distribution licensees.**

State regulations (§15308) currently require all distributor licensees, regardless of type or size, to carry at least \$2,000,000 in general liability insurance. Given that compliance with distribution requirements is also necessary for most microbusiness applicants, this requirement is specifically challenging for small prospective microbusiness operators.

MCA recommends that these insurance requirements are waived for self-distribution licensees, that generally carry nominal amounts of product, and are, by definition, limited to only carrying their own products. Insurance requirements for these licensees are not necessary and constitute a significant barrier to licensure. We also recommend that insurance requirements are tiered based on the size, and amount of product carried by a distributor.

MCA requests clarification on why these recommendations were not included in the Legislative Platform. We strongly urge the GGC to include these important recommendations before this goes to the Board for approval.

We also request confirmation that the previously approved recommendations were provided to the County lobbyist per Board direction on Feb 7 2023.<sup>3</sup>

Thank you for taking the time to look into these items of concern. We appreciate your consideration of our recommendations and hope to see them incorporated into the Legislative Platform as soon as possible.

Sincerely,

Mendocino Cannabis Alliance  
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<sup>3</sup> BoS Recording from 02-07-2023 <https://www.youtube.com/live/ZstnQoherQE?feature=share&t=31714>