Legislative Update-Kevin Johnson
5/5/2022

CDPH Proposed Budget for Industrial Hemp Products Compliance Program
*providing resources and funding to establish a robust IH safety program that will register, license and inspect IH processors through a three-phase approach implementation program.

**2022** - 11 positions 1.6 million
**2022-23** - 18 positions 4 million
**2023-24** - 25 positions 5.1 million

Department of Cannabis Control Proposed Budget-for implementation of AB45
*will purchase testing equipment, conduct tests and hire lab positions.

**2022-23** - 2 positions $737,000
**2023-24** - 2 positions $454,000

### Projected Outcomes

<table>
<thead>
<tr>
<th>Workload Measure</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
<th>2024-25</th>
<th>2025-26</th>
<th>2026-27</th>
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</thead>
<tbody>
<tr>
<td>Develop documents for regulation packages</td>
<td>1</td>
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<td>Process IH manufacturing applications</td>
<td>400-500</td>
<td>500-600</td>
<td>650-750</td>
<td>850-900</td>
<td>900-1,000</td>
<td>900-1,000</td>
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<td>IH licenses issued</td>
<td>350-450</td>
<td>480-540</td>
<td>600-675</td>
<td>760-815</td>
<td>815-869</td>
<td>875-929</td>
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<tr>
<td>Inspections of IH food and cosmetic manufacturers</td>
<td>100-200</td>
<td>400-600</td>
<td>600-750</td>
<td>850-900</td>
<td>900-1,000</td>
<td>900-1,000</td>
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<tr>
<td>Inspections of IH inhalable manufacturers</td>
<td>50-100</td>
<td>75-100</td>
<td>125-200</td>
<td>240-300</td>
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<td>Education of stakeholders to bring processors into compliance, investigation of IH products complaints, fraud, enforcement, and coordination with other state and local law enforcement agencies</td>
<td>150-200</td>
<td>225-275</td>
<td>500-549</td>
<td>500-549</td>
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<td>Number of samples to be analyzed for enforcement and compliance purposes</td>
<td>50-100</td>
<td>100-500</td>
<td>750-1,000</td>
<td>1,000-2,000</td>
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Link to full proposal:
https://esd.dof.ca.gov/Documents/bcp/2223/FY2223_ORG4265_BCP5452.pdf
Other Legislative updates:

California AB1656

*Changes MAUCRSA (amends Section 26003 of the Business and Professions code) to allow cannabis licensee and dispensaries to sell industrial hemp products.
*Passed through Business and Profession's Committee 3/29/22.
*Third reading completed in the Assembly
*Assembly expects amendments following the July 1st report (see below).
*Read for the first time in the Senate 4/19/22 and now headed to the Senate Rules Committee.

Program Proposal from DCC to the Governor incorporating industrial hemp products into the cannabis supply chain.

*July 1st report must be received by the governor.

AB45 Inhalable Hemp Products Tax
*Currently no evidence of progress with the tax to allow sales of Inhalable Hemp Products in California.
*Could show up in May budget revisions as a trailer bill.