

Date of Hearing: August 16, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

SB 622 (Allen) – As Amended June 15, 2023

Policy Committee: Business and Professions Vote: 18 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill revises the unique identification program for cannabis and cannabis products and authorizes the Department of Cannabis Control (DCC) to determine by regulation how cannabis plant unique identifiers will be recorded.

FISCAL EFFECT:

Minor and absorbable costs to DCC.

COMMENTS:

1) **Purpose.** This bill is sponsored by CannaCraft, Inc. According to the author:

SB 622 will provide more flexibility to the Department of Cannabis Control to regulate how cannabis plants are tagged to ensure easy identification of plants for effective enforcement by inspectors and compliance by cultivators, while minimizing wasteful and expensive single-use tags. The bill leaves room for emerging alternatives and methods such as reusable digital tags or requiring cultivators to provide a centralized list of plants to satisfy the unique identifier requirement.

2) **Background.** The Business and Professions Code requires DCC to establish a unique identification program for cannabis and cannabis products to ensure that the cannabis and subsequent products are tracked from seed to sale. The program, also known as track and trace, is intended to prevent diversion to and inversion from the unlicensed market and to minimize public health and safety threats in the event of a product recall. The statute requires a unique identifier or plant tag to be visibly affixed to the base of each plant. DCC regulations require immature cannabis plants to bear clearly visible plant tags. Immature plants transferred from a licensed nursery for retail tag are transferred in a package with a package tag. Upon receipt, the retail licensee is required to remove the package tag and assign a plant or new package tag, as applicable. A licensee must tag mature plants with a tag attached to the main stem at the base of each plant. Plant tags are prohibited from being removed until the plant is harvested, destroyed, or disposed of.

DCC procures plant tags from Metrc, its track and trace vendor. Each tag is equipped with radio-frequency identification (RFID) technology. In October 2022, DCC announced DCC

and Metrc would begin testing more sustainable tag prototypes. DCC reports that in 2022, it issued 43 million plant tags to cultivator and microbusiness licensees at a cost of \$15 million dollars. Each plant tag costs \$0.358, which is passed on to licensees through licensing fees. Metrc's RFID plant tags are not reusable or recyclable.

- 3) **Support.** The sponsor and supporters of this bill contend single-use plant tags do nothing to prevent diversion and that each cannabis plant is also assigned a digital plant tag in the track and trace system. Digital plant tagging is currently used by traditional farmers and has been recognized as an effective method by the California Farm Bureau and the U.S. Department of Agriculture, in providing the same level of transparency as plastic tags. Proponents argue single-use plant tags generate millions of pounds of plastic waste and unnecessary labor and operational costs for licensed cultivators.
- 4) **Opposition.** Los Amigos de la Comunidad writes this bill deregulates cannabis and will exacerbate problems faced by the immigrant community. Opponents contend most cannabis offenses cause mandatory imprisonment in an immigration detention center and are consistently among the top ten types of convictions for those who are deported, and conclude a strong regulatory program, including the individual identification of legal plants and proper enforcement against illicit operators, will help to keep our immigrant communities safe.
- 5) **Prior Legislation.** AB 2555 (Cooley), of the 2017-18 Legislative Session, would have allowed a licensee to use a unique identifier to reference a lot of immature plants and required unique identifiers for individual mature plants. AB 2555 died on the Senate Inactive File.

Analysis Prepared by: Allegra Kim / APPR. / (916) 319-2081