



Cannabis Program Update

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Cannabis Cultivation Licenses

| Year | Number of Annual Licenses Issued |
|--------------------------------------|----------------------------------|
| 2016 (Oct – Dec) (program inception) | 41 |
| 2017 | 66 |
| 2018 | 66 |
| 2019 | 58 |
| 2020 | 49 |
| 2021 | 48 |
| 2022 | 38 |
| 2023 | 31 applications as of 3/31/23* |

Cannabis Tax Revenue by Year

| 18/19 Actual | 19/20 Actual | 20/21 Actual | 21/22 Actual | 22/23 Projected |
|-----------------|-----------------|-----------------|-----------------|--------------------|
| \$782,998 | \$2,207,126 | \$2,073,167 | \$889,571 | \$400,000 |

Wholesale Cannabis Price Trend (California)

| Type of Cannabis | 2021 | 2022 | 2023 |
|------------------------|---------|---------|-------|
| Indoor (average price) | \$1,351 | \$1,045 | \$958 |
| Year by year % change | N/A | -22.6% | -8.4% |

CLUO Permit Applications by License Type

| License Type | Number Allowed | Number Requested through 3/31/23 | Estimate Cultivation only by 12/16/2023 | Estimated New Business Apps 2024 |
|------------------------|---|----------------------------------|---|----------------------------------|
| Cultivation | 49 | 17* | 14 | 18 |
| Nurseries | 5 (0 in Capay Valley) | 4* | N/A | 1 |
| Processing | 7 (0 in Capay Valley) | 4 | N/A | 2 |
| Manufacturing | 6 (0 in Capay Valley) | 4 | N/A | 0 |
| Testing | 2 (0 in Capay Valley) | 2 | N/A | 0 |
| Distribution | 7 (0 in Capay Valley) | 0 | N/A | 2 |
| Retail: storefront | 5 (0 in Capay Valley; 0 in Clarksburg) Applications allowed after 10/14/2023 | 5 | 2 | 0 |
| Retail: non storefront | 10 (0 in Capay Valley) | N/A | N/A | 6 |
| Special Cannabis Event | 0 | 4 | N/A | 0 |
| Microbusiness | 5 (0 in Capay Valley) | 0 | N/A | 0 |

*Number does not include one early DA application for 2 cultivation license and one Nursery License

Industry Challenges

- ▶ Statewide downward trend in wholesale cannabis prices
- ▶ Taxation
- ▶ Regulatory compliance
- ▶ Supply chain and limited retail options
- ▶ Supply greater than demand
- ▶ Competition from Illegal market
- ▶ Market Saturation
- ▶ Banking and financial services

Recommendation

- ▶ Re-establish Cannabis Regulation Ad-Hoc Committee