



## OFFICE OF THE GOVERNOR

OCT 08 2023

To the Members of the California State Senate:

I am signing Senate Bill 51, which allows, until January 1, 2031, the Department of Cannabis Control to issue provisional licenses for up to five years to a local equity applicant for retailer activities. After the voters enacted the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Proposition 64), provisional cannabis licenses were created as a temporary bridge to allow pre-Proposition 64 operators to transition into a newly-regulated cannabis market.

Though the state has made significant progress since the passage of Proposition 64, local opposition, rigid bureaucracy, and federal prohibition continue to pose challenges to the industry and barriers to entry. Equity applicants, who bore the brunt of California's failed history of cannabis prohibition, are disproportionately impacted by a lack of access to capital and technical support, steep licensing fees, lengthy land-use approvals, environmental requirements, and more.

While I support the author's effort to bring temporary relief to equity applicants, this bill does not address the fundamental issues that continue to increase costs and uncertainty for those seeking to participate in the legal market. To the contrary, another extension may remove pressure to confront local permitting challenges and slow efforts to facilitate the transition of provisional licenses to annual licensure.

I look forward to working with the Legislature to consider long-term solutions to streamline licensing requirements and move us beyond short-term fixes. These measures must balance the need for accountability and reform without further impeding applicants already burdened by restrictive local licensing processes.



Sincerely,

Gavin Newsom

A handwritten signature in black ink, appearing to be "Gavin Newsom", is written over the printed name. The signature is stylized with sharp, angular strokes and a long horizontal line extending to the right.