



**TESTIMONY by Donald Land, Ph.D.
Chief Scientific Consultant
Steep Hill Labs, Inc.**

**Professor of Chemistry, Forensic Science and Biotechnology
University of California, Davis**

**Before the City of Alameda
October 21, 2017**

In representing Steep Hill here today, I am proud of the fact that Steep Hill has grown to be the largest network of cannabis testing laboratories in the world. We were founded in Emeryville in 2008, and we now have corporate labs in California, New Mexico, and Washington State. We have licensed labs in Maryland, Washington, D.C., Pennsylvania, Alaska, Arkansas, and Hawaii. We have global partnerships with Israel, Jamaica and we are soon to announce Steep Hill Canada. Our brand is trusted for science and accuracy, and is respected globally. And we want to make the City of Alameda our new home.

Our goal at Steep Hill is to ensure safe and tested cannabis for our customers wherever we go in the world. We are in the business of quality assuredness and work with cultivators, producers, and regulators to achieve the best results for patients and consumers. We are not a traditional cannabis company in that we do not grow, manufacture, distribute, or sell cannabis related products. Rather, we are a cannabis testing, technology, and research and development company that works as an extension of government bodies to enforce State regulation and protect medical patients and consumers. We have a significant record of working with the State of California, California Counties, and local governments to educate, test, and provide essential safety information on the topic of cannabis.

We do this by following good laboratory practices (GLP), using state of the art equipment, continually innovating the methodology, and by conducting research and generating peer reviewed publication of our research.

Steep Hill is in the process of ramping up to meet the demand of full legalization of cannabis for both the patient and the consumer market, as mandated by the voters in the State of California. To meet this demand, we have identified a laboratory space in Alameda of 30,000 square feet, which would accommodate our growing employee and equipment base. We are here today to request of the City Council an early action to approve our move to Alameda as a Cannabis Service Business. Time is of the essence in this decision so that we may meet the State of California's timing requirements related to license review and approval by January 1st.

WHY STEEP HILL IN ALAMEDA?

We believe we are a good match for Alameda because we will bring new jobs and economic development to the city. We also believe Alameda is a good match for us because we add employees within a favorable commuting distance to the city, and our relocation will provide incentive for our employees to consider moving to your community.

Other reasons why we feel we are a good match to relocate to Alameda:

- We believe we are a good business match for the City of Alameda, as we have a record of advising and working cooperatively with both the State of California and County Governments, such as the County of Yolo, as well as working on a local level with cities like yours.
- Unlike many cannabis businesses, as a service provider we are not a retail outlet, and we will not be frequented by the general public, which will allow us to comply with the proposed City Ordinance of a 600-foot buffer from school locations.
- We will be adding jobs, new tax revenue, and economic development to the City of Alameda.
 - We plan to add 150 employees in the next year and an additional 150 employees by 2022—bringing our total employment to more than 400 people.
 - We will need a mix of skills, and the mix of jobs are well paid, averaging \$85K per person.
 - These are educated jobs for lab techs, computer software jobs, R & D jobs, in addition to financial, accounting, business and other service-related jobs.
- In capital purchases for our business over the next year, we will be purchasing approximately \$10 million of equipment in 2018, which will generate nearly a million dollars of sales tax revenue for the City of Alameda. In the subsequent four-year period, we anticipate purchasing an additional \$10 million of lab equipment to support our continued growth.
- In building out our new lab, we will need to hire design staff, accountants, insurance providers, and other service professionals that will create additional jobs for the City of Alameda.
- We have employees who have already moved to Alameda in anticipation of the this move, including a Ph.D. scientist who is with us today. We know of several additional employees already considering relocating to Alameda. Included in our presentation is a chart of where current employees live currently, most of which are within 20 miles of Alameda.
- We have consultants and remote staff who travel to headquarters frequently with significant overnight stays, which will benefit the local travel economy as well.
- We know that the City of Alameda is looking to encourage employment for local workers. We will have the need to hire from the local community and will be advertising this need when we list new job openings.
- We are looking to create a Research & Development Campus for new technologies and genetics for the plant. This R & D center will lead to new data, new products, and new intellectual property opportunities for businesses around California and exciting potential medical applications for patients. Alameda could be an incubator for these exciting breakthroughs and attract other companies in this space as well, growing your own reputation as an R & D incubator.

- We contribute to Public Safety and Public Health in California, as seen in our program with the County of Yolo, and with select municipalities throughout the State. We work with all of these entities (and are happy to work with Alameda as well) in order for governments to enforce cannabis laws on the books. We serve as a third party independent checkpoint for potency accuracy and the elimination of contaminants in the cannabis supply, such as mycotoxins, residual solvents, molds, and pesticides. I am including a couple of links from independent media sources that effectively demonstrate why this service is so needed for patients and consumers. We have done some groundbreaking work on the problem with pesticides in the California cannabis supply. We invite you to look at the links below at your leisure.

SUMMARY

The State of California has expressed concern that the State will not have sufficient laboratory capacity to support the testing needs of cannabis that will begin on January 1st. We have attached a letter of endorsement for this move from the CEO of the California Cannabis Industry Association to support our move to Alameda. We have been working with a local landlord to procure a long term, 10-year lease on a facility that has been vacant for the past three years. We will be able to consummate a lease and move to the City of Alameda by December 1st. By approving our request for a business permit, the City of Alameda can help the State to protect medical patients and consumers.

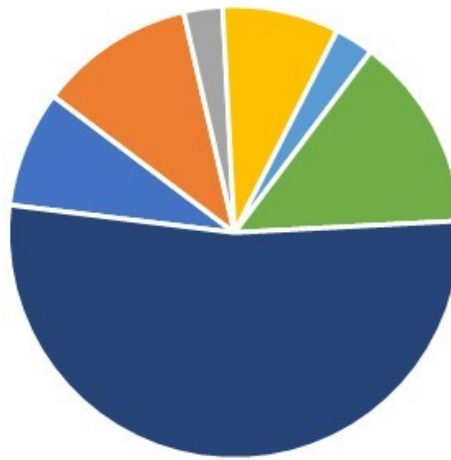
Steep Hill is a globally trusted brand for cannabis testing, technology, and research and development. We want to make the City of Alameda our home. We would like to sign a lease in a qualified zoned area of the City, per your staff report by December 1st. Please feel free to ask me questions about our business and we invite both the City Council and members of the community to visit our current lab in Berkeley.

LINKS

- NBC study – pesticides <http://www.nbclosangeles.com/investigations/I-Team-Marijuana-Pot-Pesticide-California-414536763.html>
- Dr. Thompson UC Davis Patient Study -- [http://www.clinicalmicrobiologyandinfection.com/article/S1198-743X\(16\)30605-X/pdf](http://www.clinicalmicrobiologyandinfection.com/article/S1198-743X(16)30605-X/pdf)
- Thompson study – CBS news report - <http://sanfrancisco.cbslocal.com/2017/02/06/medical-marijuana-fungus-death-uc-davis-medical-center/> “Bad fungal disease in a short amount of time”
- Steep Hill’s Pesticides in Clone Study <https://www.prnewswire.com/news-releases/steep-hill-study-provides-evidence-of-substantial-pesticide-contamination-in-california-cannabis-clones-300524426.html>
- Steep Hill Pesticide Report on Northern California Cannabis Market - <https://www.prnewswire.com/news-releases/steep-hill-launches-new-high-detection-cannabis-pesticide-testing-in-california-300347811.html>

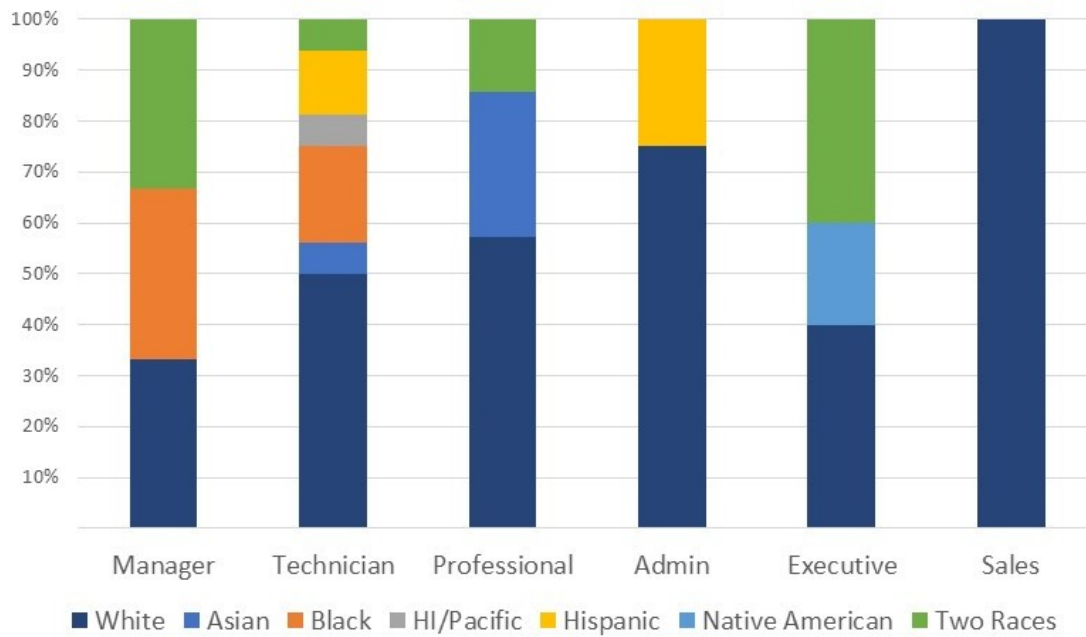
Position	Education Level
Administrative	Associate / Bachelor Degree
Customer Experience	Bachelor Degree
Delivery / Logistics	Bachelor Degree
Executive	Bachelor, Graduate & PhD Degrees
Finance	Bachelor & Graduate Degree
Information Technology	Bachelor Degree
Lab Analysts	Bachelor, Master Degrees
Lab Technician	Bachelor Degree
Legal / Regulatory	Bachelor & Graduate Degrees
Marketing	Bachelor & Graduate Degrees
People	Bachelor Degree
Product Development	Bachelor & Graduate Degrees
Research	Bachelor & Graduate Degrees
Sales	Bachelor Degree
Licensing	Bachelor Degree, Master Degree
Account Managers	Bachelor Degree

Steep Hill Diversity Breakdown



■ Asian
 ■ Black
 ■ HI/Pacific
 ■ Hispanic
■ Native American
 ■ Two Races
 ■ White

Steep Hill Diversity by Position



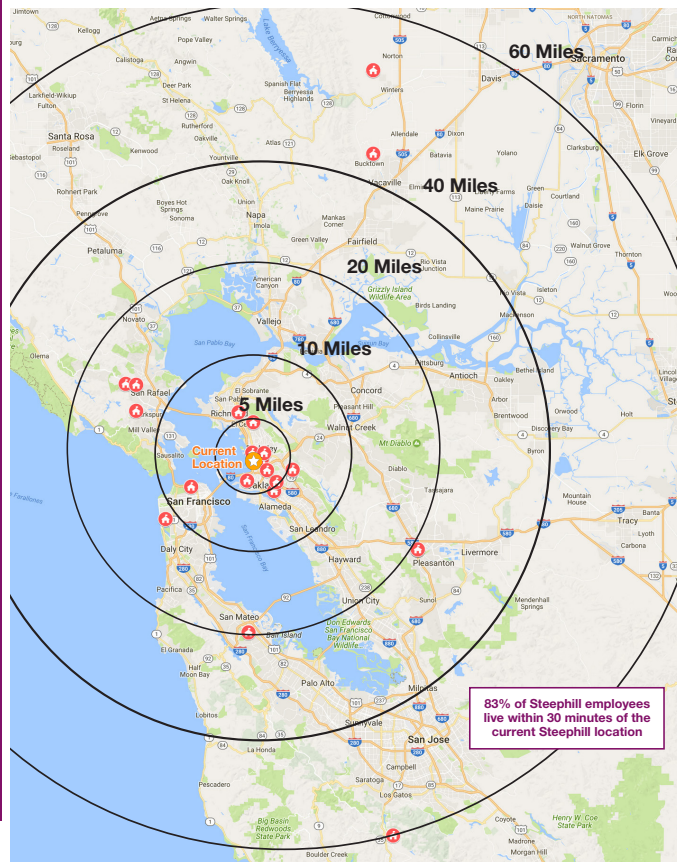
	2018	2019	2020	2021	2022
Forecasted Lab Equipment Purchases	\$ 9,895,793	\$ 2,406,598	\$ 3,188,448	\$ 3,233,448	\$ 1,468,724
County of Alameda Sales Tax Rate	9.25%	9.25%	9.25%	9.25%	9.25%
Sales Tax Revenue	\$ 915,361	\$ 222,610	\$ 294,931	\$ 299,094	\$ 135,857

STEEPHILL ZIP CODE ANALYSIS

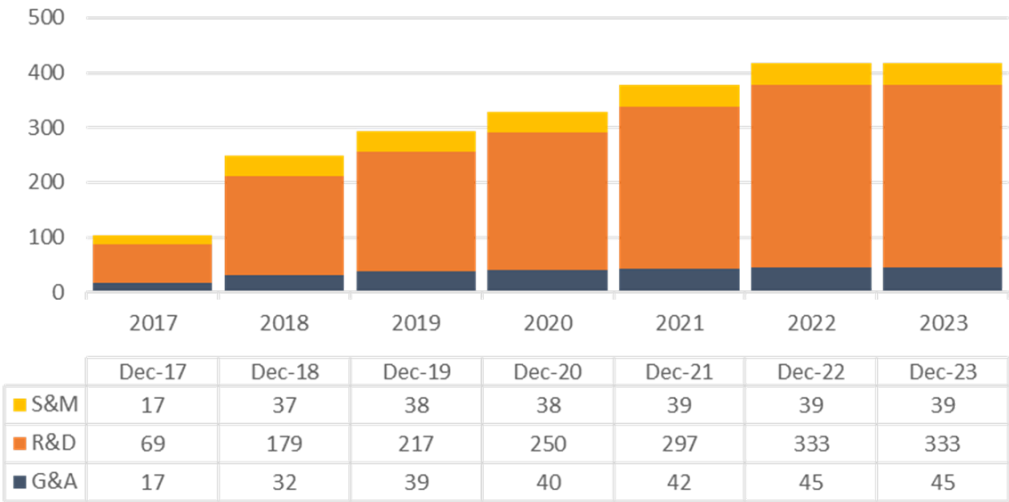
Current Address:
1005 PARKER STREET, BERKELEY

Employees: 24

LARGEST CITIES REPRESENTED	
City	# of Employees
San Francisco	2
Oakland	7
Berkeley	2
EMPLOYEE COUNT BY COUNTY	
County	# of Employees
San Francisco County	2
Alameda County	12
Contra Costa County	2
San Mateo	1
Santa Clara	1
Marin	3
Solano	1
Yolo	1
San Luis Obispo	1



Steep Hill Personnel Forecast





October 20, 2017

To Whom It May Concern,

The California Cannabis Industry Association (CCIA) was formed to unite the voice of the legal cannabis industry in order to help educate and act as a resource to lawmakers. We are by far the most influential trade association in the state representing the diverse interests of the cannabis industry. CCIA represents over 400 businesses across the state which employ over 5,000 Californians.

Over the past four and a half years we have advocated on behalf of cannabis businesses to be regulated and taxed like any other business in the state. We have developed strong relationship with the Governor's office, the state legislature, and regulating departments as we help build the framework for California's next great industry.

Steep Hill Labs has been a business member of the CCIA since 2013. They have served on our Legislative Committee and our Testing Committee. Steep Hill Labs has provided expert testimony on industry panels at multiple conferences, and has served as our model testing lab for all tours that CCIA provides to legislators and regulators from every region of the State of California. Steep Hill has been instrumental in providing data and guidance in the drafting of state cannabis regulations.

We view Steep Hill Labs as leaders in the cannabis testing space and as exemplary actors within our industry.

The state mandate for cannabis testing beginning on Jan. 1, 2018, has created statewide concern that there is a lack of testing labs available to the industry. CCIA is in strong support of Steep Hill Labs growing their lab, increasing staff, and strengthening their abilities to ensure clean cannabis reaches the consumer.

CCIA recommends expediting the process as the need for reliable testing labs is vital to public health and public safety.

Please let me know if you have any questions or concerns. I can be reached at Lindsay@cacannbisindustry.org or at 415-793-3478.

Sincerely,

Lindsay Robinson
Executive Director
California Cannabis Industry Association

LARA WEISIGER

From: Janet Kern
Sent: Tuesday, October 17, 2017 8:14 AM
To: LARA WEISIGER; DEBBIE POTTER; John Le
Subject: Fwd: Key Policy Options in Draft Cannabis Ordinance - Incorporating Public Health
Attachments: Key Policy Options.docx; ATT00001.htm

Sent from my iPad

Begin forwarded message:

From: Serena Chen <serenatchen@gmail.com>
Date: October 16, 2017 at 6:05:28 PM PDT
To: Trish Spencer <tspencer@alamedaca.gov>, <mvella@alamedaca.gov>, <JOddie@alamedaca.gov>, Frank Matarrese <fmatarrese@alamedaca.gov>, "Marilyn Ezzy Asthcraft" <mezzyashcraft@alamedaca.gov>
Cc: Jill Keimach <JKeimach@alamedaca.gov>, <jkern@alamedaca.gov>
Subject: Fwd: Key Policy Options in Draft Cannabis Ordinance - Incorporating Public Health

Dear Mayor Spencer, Vice Mayor Vella, and Council members Mataresse, Oddie, and Ashcraft:

Last week I attended a workshop with over 50 folks including city attorneys and staff from San Francisco, Redwood City, Chula Vista, Walnut Creek, Los Angeles, Alameda County, and Mono County -- as well as health officers from Contra Costa County and Los Angeles to review and provide input on a model cannabis ordinance.

I thought you might be interested in seeing their outline of key policy options. Let me know if you'd like a copy of the model ordinance.

The [Getting it Right from the Start](#) team has convened experts in tobacco control and alcohol policy and applied best practice components into a model cannabis ordinance.

See you all on Saturday at 9 am for the cannabis hearing. I haven't seen the meeting posted on the city's website and recent news articles have not provided the date.

-

Serena
Serena Chen

Outline of Key Policy Options Contained in the Draft Local Cannabis Retailing and Marketing Ordinance

Permitting:

- ☐ Create a local licensing or permitting requirement

COMMENT: This is the primary operative section of the ordinance. It requires a permit for each retail location. In the absence of a local license or permit process, the decisions about who, where and how many to license will be made by the state. A city or county could instead choose to label the requirement a “**license**,” as the two terms are generally interchangeable. The term used should be consistent with other provisions of the city or county code to which this ordinance is added. This provision makes regulating the business an effective tool for protecting youth and public health, as well as preventing nuisances, and enforcing any local or state rules. A city or county can use the permit suspension provisions to encourage compliance with all cannabis-related laws. Losing the right to sell cannabis for a period of time will likely be a bigger financial deterrent than an occasional fine imposed under other laws.

Promoting economic equity and nonprofits:

- ☐ Prioritize applications in this order: 1) government organizations, 2) nonprofits, 3) for-profit organizations (§II(3)(i), p. 15)
- ☐ Prioritize equity applicants (§II(3)(i), p. 15) defined as long term residents of census tracts most affected by drug related incarceration
- ☐ Delay permitting for 6 months and allow equity applicants to apply without having secured a location (§II(3)(j-k), p. 15)
- ☐ A history of a non-violent drug related conviction may not be considered as a barrier to issuing a license. (§II(3)(l), p. 15-16)

COMMENT: The purpose of this **permitting priority** is to a) allow legal cannabis sales while providing lowest priority to for-profit businesses, especially publicly held companies with a legal obligation to shareholders to maximize profits. Medical marijuana retailing has operated successfully in California as non-profits for many years; b) to prioritize maintaining economic benefits of marijuana legalization in the low-income communities that have suffered the greatest harm from incarceration for minor possession offenses and other effects of the war on drugs, and that past convictions, which affected the lives of so many men from black and Latino communities not be a barrier to moving into the legal market; and c) that applicants from these communities have the time and ability to gather the investments and creditworthiness needed to compete with investors from outside the community. Applicants from low-income communities may not have the resources to secure a physical location, for example, before they know they will have a license, whereas external investors may otherwise sweep up eligible properties. Allowing equity applicants to apply before having secured a location allows them to

avoid paying a lease while going through the application process. Also not blocking applicants on the basis of a previous marijuana conviction.

What retail activities can be regulated?:

Hours:

- ☐ Hours of operation of 8am to 8pm (§II(2)(g)p. 13)

COMMENT: Modeled off medical dispensaries, retail store **hours of operation of 8am to 8pm** allows for customers to visit before and after work, but, according to dispensary owners, also allows staff to get home before it is too late and it decreases security risks. Closing retail stores at 8pm would decrease the opportunity for patrons to visit a dispensary and then drive home impaired or create a nuisance in the neighborhood. Earlier closing time has a precedent in alcohol policy of decreasing motor vehicle incidents and other alcohol-related problems.

Location:

- ☐ 1000 ft buffer from sensitive use areas (§II(3)(d), p. 14)
- ☐ No more than 1 retailer per 15,000 inhabitants, except where distance exceeds 25 miles (§II(3)(h), p. 15)
- ☐ Retailers must operate in a fixed structure, with exceptions given for festivals and fairs where entry is limited to adults age 21+ (§II(3)(b), p. 14)

COMMENT: We recommend expanding the SB 94 600-foot **buffer to 1,000-feet**, and expand the list of sensitive use areas from kindergarten or any grades 1 through 12, day care center, or youth centers, to add colleges, as they service 18-20 year olds, a group particularly vulnerable to the harms of cannabis use. We also recognize that some cities/counties may have other locations, such as teen centers, which may not be readily identifiable, in which youth congregate and which should be free of cannabis retailers and advertising, and which you may wish to add. Some jurisdictions include libraries and substance abuse centers in this list. However, if the distance is too great or too many locations are stipulated, this can result in a de facto ban. A study using GIS mapping of the city/county could be a useful tool to assure youth are protected while allowing the reasonable growth of the cannabis industry.

An optimal approach to **density** will most likely need to be tailored to the community. A simple numeric cap as proposed above may be a useful starting measure to assure that only the number of outlets are opened that are needed to serve the market, without creating a need for extensive advertising and marketing for survival. If appropriate, jurisdictions can raise the cap over time. It serves to minimize the visual presence of cannabis sales in the community. The state of Washington began with a cap of one outlet per 22,000 residents.

Restrictions on the location and density of Cannabis Retailers may all be contained within the permit requirements. Alternatively, a jurisdiction may choose to adopt these limits as an amendment to the local zoning code and/or require a Conditional Use Permit (CUP) to allow community input into proposed locations. If a cap is used and priority is given to equity applicants, they will need time to apply.

Operating in a **fixed structure** assures compliance with buffer restrictions and facilitates department enforcement and compliance checks.

In-store safety information:

Sign up for the listserv! Email Alisa Padon at apadon@phi.org

Additional resources on Getting It Right From the Start website: www.gettingitrightfromthestart.org

- ☐ Required prominent health warning sign (§II(6)(a), p.20-21)
- ☐ Required immigration & probation/parole warning sign (§II(6)(b), p.21)

COMMENT: SB 94 requires a warning label to be included in all product labels and inserts. However, the size and font of labels/insert can limit the legibility and prominence of a warning label. This recommendation of a large, **in-store health warning sign** seeks to assure legibility and prominence, so that people are aware of the key confirmed harms associated with use.

Even in California, using or possessing marijuana or working in the marijuana industry is legally dangerous for any **noncitizen**. This includes lawful permanent residents, undocumented persons, students, and others. Marijuana is illegal under federal law, and federal law controls immigration.

Individuals who are prohibited from using drugs as a condition of their **probation or parole** could violate their probation or parole if caught in possession of or using marijuana.

What retail activities are prohibited?:

- ☐ On-site consumption of cannabis (§II(2)(h), p. 13) or alcohol (§II(3)(f), p. 14)
- ☐ Anything but a specialized store model selling cannabis, cannabis products and accessories only (§II(3)(g) p. 14-15)
- ☐ Delivery (§II(2)(i), p. 13)

COMMENT: Prohibiting **on-site consumption** helps to a) respect the occupational safety and health rights of employees not to be exposed to second hand smoke b) avoid driving under the influence, and c) helps to avoid creating social norms of acceptability of cannabis consumption. Making consumption of tobacco less socially acceptable has been a major lesson of tobacco control over past decades. While it is allowed under state law, local government is free to regulate.

The model contains language requiring that these be **specialized establishments**, selling only cannabis and cannabis products and cannabis accessories. Prohibiting sales of recreational Cannabis with any other products, including tobacco, alcohol, food and pharmaceuticals, aims to reduce incorporation of cannabis into social norms of acceptable behavior (e.g. eating out). Sale by tobacco and alcohol licensees is already prohibited under state law. This language adds the prohibition on food sales or co-location in a pharmacy; the latter is similar to the effort to approve local laws to get tobacco out of pharmacies.

Prohibiting **delivery** to the consumer aids in enforcement by ensuring that communities can conduct regular inspections at the retailer's permanent place of business. Home delivery has been associated with higher rates of access for youth in the case of alcohol. Although local jurisdictions may prohibit deliveries within their borders, they may not prevent a delivery service from using public roads to simply pass through its jurisdiction from a licensed dispensary to a delivery location outside of its boundaries (California Business and Professions Code section 26080).

Products:

- ☐ No products that are attractive to children and youth (§II(4)(a)(1), p. 16-17); defined more specifically than in state law

Sign up for the listserv! Email Alisa Padon at apadon@phi.org

Additional resources on Getting It Right From the Start website: www.gettingitrightfromthestart.org

- ☐ No added flavors to flower (§II(4)(a)(6), p. 18)
- ☐ Up to 10 edibles allowed in the form of chocolates or hard lozenges (§II(4)(b), p. 19)
- ☐ No beverages (§II(4)(a)(12), p. 18-19)
- ☐ No flower over 20% THC or concentrates over 50% THC (§II(4)(a)(5 & 8), p. 18)
- ☐ Individually wrapped 10mg serving sizes (§II(4)(b), p. 19)

COMMENT: Prohibiting products **attractive to youth** and those with added **flavors** seeks to reduce the proliferation of a wide range of products that are more likely to attract youth or harm consumers. This model ordinance proposes specific language to define what attractive to youth means, building on the experience of OR, CO, WA and research from marketing. It also builds on extensive research from tobacco about how flavored products have been used to attract youth and minorities (menthol). Initiation of use at an earlier age is a risk factor for the development of problem cannabis use and there is limited but concerning evidence of an association between use during adolescence and impairments in subsequent academic achievement and education as well as social relationships and social roles. Adolescence and young adulthood are when most youth begin to experiment with substances of abuse, including cannabis, and it is during these periods that the neural layers that underlie the development of cognition are most active. Edible cannabis products have become increasingly common and are available in a variety of flavors and forms that appeal to children and young adults, including bubble gum, apple, cherry, chocolate, grape, peach, strawberry, and vanilla; brownies, cookies, “pot” tarts and gummies. Limiting, but not prohibiting, edible products to a few varieties and flavors allows adults edible alternatives to smoking.

The **potency** of cannabis and cannabis products has increased dramatically over the past decades from 4% tetrahydrocannabinol (THC) to 15-20% THC flower, and extracted products which exceed 90%. The maximum amount allowed in the Netherlands for flower is 17%. Uruguay will also limit potency. High potency edibles are the #1 product type contributing to cases of overdose. The evidence in this area is limited, but there are reports from other states of a higher rate of adverse medical outcomes with higher potency, including accelerating the addiction process and drug-induced psychosis. There are harm reduction reasons to allow more potent recreational cannabis due to the decrease in the amount of combusted plant that individuals consume, but a THC content of up to 20% achieves that goal, as do recreational cannabis products such as edibles and concentrates with THC content up to 50%.

Individually wrapping each serving size contributed to a decrease in unintentional consumption and overconsumption, measured by a decrease in poison control calls in WA and CO.

Packaging:

- ☐ Cannot be attractive to children and youth (§II(4)(a)(2), p.17)
- ☐ Cannot use claims to health or potency (§II(4)(a)(9), p.18)
- ☐ Must contain a warning label covering 15% of the front panel of the package: (§II(4)(a)(3), p.17-18)
 - **Do not use marijuana while pregnant or breastfeeding.** Smoking marijuana during pregnancy is associated with low birth weight in the baby
 - Marijuana use is associated with **greater risk of developing schizophrenia** or other psychoses. Risk is highest for frequent users
 - **Driving while high is a DUI.** Marijuana use increases your risk of motor vehicle crashes

- **Not for Kids!** Starting marijuana use young or using frequently can lead to problem use
- Smoking marijuana long term can **make breathing problems worse**

COMMENT: Prohibiting packaging **attractive to children and youth** seeks to reduce the influence on youth use for the same reasons listed above.

SB 94 requires that all Cannabis and Cannabis product labels and inserts include a prescribed **warning label**; this recommendation updates the Warning Label language for clarity and scientific accuracy (the state warning on use in pregnancy for example, which is increasing, is far weaker and less clear than in other states) and requires more prominent warnings. These are factual statements based on the National Academies of Sciences, Engineering and Medicine review and restricted to those findings for which the Academy concluded the evidence was “substantial.”

While there is evidence of some health benefits from use of cannabis, this ordinance applies solely to recreational marijuana.

Price:

- ☐ Discounting is prohibited (§II(5)(a), p. 19-20)
- ☐ Departments are authorized to set a price floor after 5 years (§II(5)(b), p. 20)

COMMENT: We know that price is a major factor affecting youth initiation and use. It can be modified by 1) taxation, b) limiting discounting and c) setting a floor. The discounting measure allows cannabis retailers to set prices as they see fit and to modify them, including setting them low enough to help capture the illegal market. It prohibits, however, **discounting** and other measures that encourage consumers to purchase more products than they might otherwise choose, such as two-for-the-price-of-one offers or time-limited coupons. Discounting has long been a mainstay of tobacco marketing. Taxation, probably the most important measure, will be addressed in a separate ballot initiative.

The price floor measure authorizes, but does not require, local government to set **price floors** after 5 years of legalization. Minimum price measures have been used to discourage tobacco consumption by assuring higher prices, but in the case of cannabis should only be used once the illegal market has been well captured, to avoid driving consumers back to the illegal market. See, for example, the Sonoma County Tobacco Retail Licensing ordinance.

Penalties:

- ☐ Permit holder penalties: \$1,000 fine for a first violation within 60 months; second violation results in a 10 business day permit suspension; third violation results in a month permit suspension; four or more violations result in permit revocation. (§II(14)(a), p.27-28)
- ☐ Permit revocation if a reason for denial of permit is discovered (§II(14)(c), p.28)
- ☐ Operating without a permit: first violation results in a 30 day delay until a permit can be issued; second violation results in a 90 day delay; third violation results in a one year delay; four or more violations results in a denial of permit unless ownership has changed (§II(15)(a), p.29)

COMMENT: This is the primary provision designating the length of time a Cannabis Retailer is ineligible to sell Cannabis or Cannabis products once the **retailer's permit** is suspended pursuant to subsection (a). Stronger or more lenient penalties may be provided as a matter of local policy.

By providing mandatory penalties, this model does not provide any discretion to enforcement staff. This lack of discretion makes for a simple ordinance and standardized, even-handed enforcement. If discretion with respect to penalties is desired, the ordinance must state the standard by which that discretion is to be exercised (e.g., financial hardship, history of compliance, etc.). Note, too, that these penalty provisions do not prevent the use of other legal tools, such as criminal prosecution or the several judicial remedies discussed below.

Note that if a Cannabis retail outlet is sold in an Arm's Length Transaction, and a new permit is issued, then the violations no longer count against the location under the new owner's permit pursuant to Section 11(b).

This provision prohibits a **Person who sells without a valid permit** from obtaining a permit for a set amount of time. It does not apply to a wholly new business at the same site. This ineligibility period is in addition to any other penalty the city or county might pursue, such as the fines.

If a Cannabis Retailing location is sold in an Arm's Length Transaction, then the violations will not count against the location under the new owner's permit.

Advertising:

- ☐ Cannot be attractive to children or youth (§III(3)(d), p.33)
- ☐ Cannot use claims to health or "strength" (§III(3)(b), p.33)
- ☐ Must contain a rotating warning label (§III(2)(a-h), p.32)
- ☐ Cannot be located within 1,000 feet of sensitive use areas (§III(6)(b), p.35)
- ☐ Cannot be on media or events with > 15% youth audience (§III(4)(a), p.33-34)
- ☐ Digital advertising must use age gating and age verification technology (§III(5)(a), p.34) & (§III(6)(a), p.34-35)
- ☐ Cannot be on merchandise typically used by or marketed to youth (§III(6)(e), p.36)

COMMENT: Prohibiting advertising that is **attractive to children and youth** seeks to reduce the influence on youth use for the same reasons listed above.

While there is some evidence of benefits of use to **health**, this ordinance applies solely to recreational marijuana.

This recommendation extends the **warning label** requirement in SB 94 to advertisements and marketing materials, and updates the Warning Label language for clarity, prominence, and scientific accuracy; rotating the message improves audience recall. These are factual statements based on the National Academy of Sciences, Engineering and Medicine review and restricted to those findings for which the Academy concluded there was "substantial evidence."

SB 94 prohibits advertising within **1,000 feet** of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center. We recommend adding junior or community colleges, colleges or universities, or other places where youth regularly congregate.

A **15% standard** limited to those aged 12-20 focuses on the youth who are the most vulnerable and most exposed to this kind of advertising. SB 94 requires no more than 28.4 percent of the audience to reasonably be expected to be under age 21, however this standard has been well documented in the alcohol policy literature to be ineffective in protecting youth from overexposure to alcohol advertising. Exposure to alcohol advertising is associated with increased use and a decreased risk perception of use among youth. The 15% standard is used in tobacco advertising placement and is recommended as a best practice standard by the National Research Council/Institute of Medicine's report on underage drinking commissioned by the United State Congress. Research has shown that this more restrictive threshold does not have a major effect on the industry's ability to reach adult consumers.

We are continuing the research into the legal issues around broadcast media and hope to have further findings on this shortly.

Digital advertising typically targets certain demographics and multiple tools are available to assist in avoiding underage exposure to digital advertising.

The impact on drinking and smoking initiation of **branded merchandise** is well known, and has the potential to become integrated into children's self-identities.