

The Honorable Gavin Newsom  
Governor  
State of California  
State Capitol, First Floor  
Sacramento, CA 95814

Senator Scott Wiener  
California State Senate  
State Capitol, Room 5100  
Sacramento, CA 95814

Assemblymember Matt Haney  
California State Assembly  
State Capitol, Room 4112  
Sacramento, CA 95814

Dear Governor Newsom, Senator Wiener and Assemblymember Haney,

On behalf of California's leading cannabis trade, labor, advocacy, veterans, and patient organizations, as well as individual stakeholders throughout the industry, we write to seek your help in addressing California's inconsistent tax policies as it relates to medical cannabis patients.

Our position is that cannabis patients should not be subject to California Sales Tax if they possess a valid doctor's recommendation for the therapeutic use of cannabis. This position is supported by California law. In all other cases, save individual taxation, including untaxed cannabis disbursement to a patient pursuant to a Compassion Program, a doctor's recommendation is considered sufficient to exempt one from payment of sales taxes. We are hopeful that you will work with us to correct the one remaining inconsistency: State sales taxes imposed on medical cannabis patients who are not part of Compassion Programs.

Prop. 215 still exists. The definition of "Qualified Patient" still includes any Californian who uses cannabis for medical purposes with a valid physician's recommendation.<sup>1</sup> Qualified patients have never been – and still are not required, by design – to register or obtain an identification card in order to qualify for the legal protections of Prop. 215. Indeed, the Adult Use of Marijuana Act ("Prop. 64"), which legalized commercial adult use of cannabis, includes the strongest language possible restricting

---

<sup>1</sup> Under the Compassionate Use Act ("Prop. 215"), a "Qualified Patient" is "a person who is entitled to the protections of Section 11362.5, *but who does not have an identification card* issued pursuant to this article." (Cal Health & Saf Code § 11362.7) (emphasis added). Section 11362.5, which includes the language voters supported when passing Prop. 215 also remains, which specifically protects "patients and their primary caregivers *who obtain and use marijuana for medical purposes upon the recommendation of a physician* are not subject to criminal prosecution or sanction. (Cal Health & Saf Code § 11362.5) (emphasis added).

changes to Prop. 215 – “[n]othing in this section shall be construed or interpreted to amend, repeal, affect, restrict, or preempt laws pertaining to the Compassionate Use Act of 1996.”<sup>2</sup> However, California’s sales tax policy discriminates sharply between qualified patients with and without identification cards – one pays sales tax and the other does not. This policy has no legal or policy justification that is consistent with the voter-endorsed provisions of Prop. 215 and Prop. 64. Until voters say differently, all qualified patients should be afforded sales tax relief, not just those with the geography or resources to register for a county identification card. Why is California making medical cannabis more expensive for certain patients over others?

According to a February 2, 2022, email from Christina Dempsey, Acting Deputy Director of External Affairs of the DCC, per the regulations, “either an ID card or a physician's recommendation is acceptable for compassion care patients.”<sup>3</sup>

Patients enrolled in a compassion program are exempt from sales tax. However, patients who cannot find a compassion program in their area or can’t qualify for such a program must pay State sales tax at the check-out counter, despite the fact that they are medical cannabis patients in possession of the very same document (a valid doctor’s recommendation) which qualifies a medical cannabis patient enrolled in a compassion program for a sales tax exemption.

It should be noted that compassion programs are voluntary programs underwritten by dispensaries or specific programs funded by donations. At a time when most cannabis businesses are facing extinction due to taxation, over-regulation, and a huge illicit market, few are able to offer compassion programs. Proof of this rests in the annual report on Tax Exemptions for Medicinal Cannabis published by the Legislative Analyst’s Office (see <https://lao.ca.gov/Publications/Report/4608>) which shows a shockingly low number of compassion program tax exemptions.

As demonstrated by the LAO Report referred to above, compassion programs in California are largely non-existent. Given this, the only way to ensure that patients, particularly those who are poor, are treated equally under the Tax and Revenue Code is to allow all patients possessing a valid doctor’s recommendation relief from California’s Sales Tax.

Currently, compassion program patients need only a doctor’s recommendation for tax relief. Patients who are not attached to a compassion program must acquire a state-issued Medical Marijuana Identification Card (MMIC) in addition to their doctor’s recommendations to qualify for tax relief. Excluding a patient from the tax exemption based solely upon registering for a state-issued card is

---

<sup>2</sup> Cal. Health & Safety Code 11362.3 (c).

<sup>3</sup> See 4 C.C.R. §15411 (b) (1) of the adopted cannabis emergency regulations, which reflects this statement and the authority cited above regarding Prop. 215 (Cal. Health & Safety Code Sections 11362.5, 11367

arguably discriminatory, in that it excludes tax relief for those without the ability to pay for the card, regardless of their medical need.

The intention of Prop 64 was not only to expand legal access to adult-use cannabis but also to preserve a well-established medical cannabis market. However, in California today, we have a contracting medical market, dropping from 3,196 MMIC card holders in 2023 to just [2,800 card holders in 2024](#). Offering sales tax relief to cannabis patients would still require them to pay the excise tax, which when combined with local taxation, brings the total tax burden down to an affordable level, mirroring what patients paid in taxes prior to legalization.

Prior to legalization, there were millions of California patients with doctor's recommendations, achieving over \$2.5B in medical sales in 2017. Post legalization, due to unbearably high taxes, medical cannabis patients have been forced to seek their medicine in the unregulated market, where untested products have already been a proven danger to their health. The State has lost millions in excise taxes as well.

Medicine is not subject to California sales tax (see CDTFA Regulation 1591). In the interests of fairness, equity, and compassion this should apply to medical cannabis patients as well.

Our organizations view exempting all cannabis patients from California Sales Tax as critical in providing an affordable pathway for patients. Medical cannabis patients who are relieved of California Sales Taxes will be disincentivized from illicit market purchases. Their return to the regulated market will increase the excise tax and local tax revenue.

We are hopeful that this change can be included in legislation contemplated by the Governor in the next year's legislative season. Our representative, David Hua, will be contacting your offices shortly to ascertain whether virtual meetings to discuss the above might be possible. Should you have any questions or concerns David Hua can be reached at: [David@getmeadow.com](mailto:David@getmeadow.com) or (415) 212-8985.

Sincerely,

David Hua, CEO, Meadow

Kenny Morrison, President, California Cannabis Manufacturers Association

Lauren Coté, Co-Board Chair, Cannabis Distribution Association

Johnny Delaplaine, President, San Francisco Cannabis Retailers Alliance

Jonatan Cvetko, Executive Director, UCBA

David Goldman, President, San Francisco Chapter, Brownie Mary Democratic Club

Kandice Hawes-Lopez, Founder and Executive Director, Orange County NORML

Sarah Armstrong, JD, Outreach Chair Los Angeles and Ventura Counties, Americans for Safe Access

Keith Cich, President, Sunderstorm Inc.

Erin Gore, Founder & CEO, Garden Society  
Bobby Vecchio, Co-Founder & CEO, Herb Delivery  
Vincent Ning, Co-Founder & CEO, Nabis  
Stacey Hronowski, Co-Founder & CEO, Canix  
Ted Lichtenberger, Co-Founder & CEO, Flower Co  
Steve Albarran, Co-Founder & CEO, Confident Cannabis  
Bert Vick, Co-Founder & CEO, Rev Genomics  
Nohtal Partansky, Co-Founder & CEO, Sorting Robotics  
Steven Jung, COO, PAX  
Ryan Miller, Founder, Operation EVAC  
Aaron Newsom, COO & Co-Founder, Santa Cruz Veterans Alliance  
Eric Goepel, Founder & CEO, Veterans Cannabis Coalition  
**Hirsh Jain, Founder, Ananda Strategy**  
Shabnam Malek, Partner, Brand and Branch  
David Belsky, CEO, FlowerHire  
Amber Morelli, Regional Sales Manager, Pure Vape  
Aaron Flynn, CEO & Co-Founder, Gold Seal  
Gretchen Miller, CEO & Co-Founder, Kiskanu  
Lara L DeCaro, Partner, Leland, Parachini, Steinberg, Matzger & Melnick LLP  
Sara Payan, Public Education Officer, Apothecarium  
Andrea Greenberg, Founder, Society Jane  
Joyce Cenali, COO, Big Rock Partners & Sonoma Hills Farm  
Justin Pressfield, Associate Vice President, Weedmaps  
Darren Story, CFO, Coastal Sun  
Jordan Kuhl, General Manager, Dr. Greenthumbs LAX  
Wesley Hein, Head of Global Expansion, Mammoth Heavy Hitters  
Andrew DeAngelo, Founder, Andrew DeAngelo Consulting LLC  
Ezra Malmuth, CEO, Atlas Edibles  
Benjamin Larson, CEO & Co-Founder, Vertosa  
Josef Airone, Founder and Director, The Sweetleaf Collective  
Whitney Beatty, CEO and Founder, Josephine & Billies and Apothecary Brands  
Tiffany Devitt, Chief Compliance Officer, CannaCraft  
Ron Gershoni, CEO & Co-Founder, Jetty Extracts  
Judy Yee, CEO & Co-Founder, K-Zen Beverages  
Jamie Feaster, CEO and CoFounder, Country  
Tuan Le, Business Development, Brite  
Nate Landau, COO, Snowtill  
Jason Horst, Managing Partner, Horst Legal Counsel  
Colleen King, VP Growth, Ciclo  
David Kaufmann, Partner, Slap Consulting

Dylan Ferman, CEO, Genius Pipe  
Neil Dellacava, Business Development, HERBL  
Tegan Thompson, VP Marketing, Petalfast  
Dustin Gibbens, Co-Founder/COO, 965 Solutions  
Alexa Goldberg, Sales Director, Psychedelics Today  
Terry Buxton, CEO, Oakland Extracts  
Elissa Hambrecht, Managing Member, Napa Valley Fume  
Leah Cerri, Manager, Select  
Frances Villaneuve, CEO, Clarified  
Nicole Howell & Ariel Clark, Partners, Clark Howell LLP  
Manndie Tingler, CMO, CannaGram Delivery & Head of Brand Relations, Conception Nurseries, CRO  
and Co-Founder, Khemia Manufacturing  
Amanda Reiman, Founder, Personal Plants  
Jimmy Levi, VP Business Operations, Chemistry  
Morris Kelly, CEO & Founder, SF Roots CA  
Omar Figueroa, Founder, Law Offices of Omar Figueroa  
Chelsea Sutula, Owner & CEO, Sespe Creek Collective  
Michael Kraft, Compliance Officer, Papa & Barkley  
Dana Leigh Cisneros, Esq., Managing Attorney, The Cisneros Firm dba Cannabis Corporate Law Firm  
Jesus Sahagun Jr., CEO, Phog Center  
Konstantine Kostas, Consultant, Synchronicity Holistic  
Randy Cruzado, CEO, The Growcery  
Mike Mekk, CEO, Mission Organic  
Sean Kali-rai, Founder, Silicon Valley Cannabis Alliance  
Hilary O'Brien, Director of Operations, Ivy Hill Cannabis & Green Remedy Collective  
Michael Kay, Owner GE Granada Hills, DBA Green Earth Co  
Jessica Bray, Director of Inventory and Purchasing, Green Cross of Torrance  
Zachary Pitts, CEO, Ganja Goddess  
Carly Ekenstam, Director of Operations & Security, Cruz Verde Inc. dba Original Green Cross  
Mina Mishrikey, Partner and Head of Investments, Merida Capital Holdings  
Cristina Arantes, Operations Manager, IncrediMeds  
Anthony Jenkins, CEO & Co-Founder, Next Level  
Stephanie Pangelinan, Regional Manager, Foggy Daze  
Julie Germenis, General Manager, Eagle Eye  
Mary Aigner, General Manager, Love In It Inc dba Sol de Mendocino  
Gillian Levy, Co-Founder, Humboldt Apothecary  
Dawn Bazurto, CEO/Founder, Lady Gemini  
Jakki Hernandez and Dana Cisneros, Board Members, Orange County NORML  
Tiffany Wright, COO, La Brea Collective Compliance  
Kip Clifton, Board Director, Pureextracts

Kevin Watts, CEO, TFA, Inc  
Micah Anderson, CEO, Leef Holdings  
Zachary Selvin, President, LitCo  
Nikita Baranovskiy, Management, Infinity Medical Alliance INC  
Brooke Rosel, General Manager, The Sweetleaf Collective  
Cristina De Sousa, IncrediMeds  
Mario Barajas, GreenLift  
Kevin Reed, Owner, The Green Cross  
Nancy Do, CEO and Founder, Endo Industries  
Aaron Justis, President, Buds & Roses  
Kimberly Cargile, CEO, A Therapeutic Alternative  
Amir Gresham, Board Member, Social Equity Owners & Workers Association  
Colleen Costello, Director of Communications, Meadow  
Robert Lee, Founder, Evolved Microdoses  
Brendan Kelly, CEO, CEAS  
Laura Bell, Director of Manufacturing & Lead Hash Maker, Heritage Hash Co.  
Chris Romaine, Owner, Pacific Coast Photo DBA Kandid Kush  
Matthew Ingram, President & Co-Founder, Proof  
Nicole Daryanani, Sr. Sourcing Manager, Kiva Confections  
Anthony Alegrete, COO & Founder, 40 Tons  
Shannon DeGrooms, Executive Director, This is Jane Project  
Jake Kuczeruk, Director of Sales, New Frontier Data  
Tommy Ramos, Board of Directors (MCBA)  
Madison Mullis, Publicist, Trailblaze  
Pamela Epstein, Chief Legal & Regulatory Officer, Terpene Belt Inc.  
Greg Kouvaras, CEO & Founder, Greenline  
Dina Nagib, Principal Consultant, Grass Goddess Consulting  
Jerred Kiloh, CEO & Founder, The Higher Path  
Kerri Accardi, Media Producer, 420MEDIA + Connected TV  
Lauren Mendelsohn, Junior Partner, Law Offices of Omar Figueroa  
Brian Holler, Chief Revenue Officer, Beard Bros. Pharms & Media  
Vien Trinh, Product Marketing Manager, Flourish Software  
Jeff Pehrson, Producer, Planted with Sara Payan  
Eric Rosete, Owner, Farcaster Creative  
Sean McDermott, owner, The Grove La Mesa  
Mitch Kulick, Partner and Co-Founder, Feuerstein Kulick LLp  
Jesse Duncan  
Brett Yader, CEO & Co-Founder, Flower Supply  
Brian Applegarth, Founder Cannabis Travel Authority  
Steph Sherer, Founder & Executive Director, Americans for Safe Access

Megan Prusynski, Marketing Director, Applegarth Strategies  
Chiah Rodrigues, co-owner, Operations Director, Arcanna Flowers  
James M Beatty, Co-Founder Arcanna Flowers  
Jesse Stout, Esq.  
Alex Shamil  
JohnPaul Williams II, Founder, J Williams Designs  
Omar Figueroa, Founder & Managing Partner, The Law Offices of Omar Figueroa, Inc.  
Bridget May, CEO and Founder  
Vincent Patterson Owner Founder The Flowershop llc  
Shoshana Patterson The Flower Shop LLC Manger  
Victoria Schanzle, President Cherry Valley Farms LLC  
Cristin Johnson, Director of Sales, Pure Beauty  
Mike Rosati, Photographer, @RosatiPhotos / MG Retailer  
Maureen Dube-Savage MS RD, Founder of More Canna Care.llc  
Valentia Valentine, Founder, Synchronicity Holistic  
Duncan Ley, Partner, California Street Cannabis Co.

Cc: The Honorable Members of the Assembly Budget Committee  
The Honorable Members of the Senate Budget Committee  
Ms. Nicole Elliott





