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June 11, 2019

To: California Senate Health Committee
Senator Richard Pan (Chair) & Members

Re: AB 228 - (Aguilar-Curry) Food, beverage, and cosmetic adulterants: industrial hemp products. (As Amended on 6/3/19)
Notice of Opposition

The South Bay Cities Council of Governments (SBCCOG) respectfully opposes AB 228 (Aguilar-Curry). If AB 228 were to pass as written it would cause the following issues -

- 1) First and foremost, it's a public health risk. Originally the bill had absolutely no safety testing requirements to it. The county health department is actively working to address this issue and concerns were raised to the bill's author. As of June 3, the bill was amended to include extremely minimal testing requirement. It pales by comparison to what Cannabis sourced CBD has to go through in terms of safety testing. At a minimum hemp sourced CBD should be tested at the same levels as legal cannabis sourced CBD.

AB 228 only requires that it be tested by a ISO/IEC 17025 certified laboratory, only looking for levels of delta-9-tetrahydrocannabinol (THC) and that it's does not contain contaminants that are unsafe for human consumption. It does not specify what types of "contaminants" nor does it specify what is "safe for human consumption". The legal cannabis industry discovered that certain pesticides that were "safe for consumption in other agricultural products" were absolutely not safe to use in cannabis sourced CBD which is consumed differently. For example, microbutanil that is used on grapes for wine production, but in cannabis based products such as CBD it is heated in the extraction process or in combustion actually turning into a form of cyanide. <https://www.cnbc.com/2015/10/14/marijuana-industry-could-be-uprooted-by-pesticide-lawsuit.html>. AB 228 poorly defines testing requirements (unlike legal cannabis sourced CBD) which is why it remains a public health threat.

- 2) Cannabis sourced CBD is taxed both on a state level as well as a local level. Hemp sourced CBD is not. From the perspective of local jurisdictions that currently license commercial cannabis or intend to in the near future, their expected tax revenues will be negatively impacted should AB 228 pass. It will allow for virtually identical

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products to be sold with no tax revenue benefit to the local city. On the state level it will impact the tax revenues collected of which 60% go to illicit youth prevention programs.

- 3) Unintentionally, AB 228 allows for businesses to circumvent local control of legal cannabis sales. What we have seen happening is that CBD shops setup and then become a loophole for legal cannabis sales by partnering with interjurisdictional delivery services to facilitate transactions/purchases of THC cannabis products. Beverly Hills is a prime example at the moment, their Barney's Store has a CBD shop that also displays THC products and has an iPad next to it to help facilitate a purchase of those THC products from an outside delivery service. Beverly Hills currently has a ban in place against legal commercial cannabis sales. Should AB 228 pass we can expect a flood of CBD shops attempting to open up. This both circumvents local control as well as negatively impacts local tax revenue collection.

Ideally the state policy/legislation should be to allow hemp source CBD so long as it is required to have safety testing and be taxed at the same level as legal cannabis sourced CBD. For these reasons, we oppose AB 228 which does neither of those two things.

Thank you for your consideration,

Britt Huff, SBCCOG Chair
Councilmember, Rolling Hills Estates

CC: Melanie Moreno (Staff Director)
Senator Ben Allen
Senator Steven Bradford
Senator Holly Mitchell
League of California Cities