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Attn: Micah Hinkle, Mayor Kate, San Rafael City Council  
City of San Rafael  
1400 5th Avenue  
San Rafael, CA 94901

July 17, 2023

Dear Micah, Mayor Kate and San Rafael City Council,

My name is Greg Browman one of the owners of our family owned cannabis manufacturing business Strictly Topical Incorporated dba Sweet Releaf Topicals. I am responsible for all compliance, manufacturing and finance for our business. We have a loyal following of customers who have experienced significant pain reduction with our medicinal cannabis products since 2015. Today we are asking the city council to amend the San Rafael cannabis regulations to allow the approval of the Microbusiness License option for current license holders which can be allowed while excluding the cultivation option in the microbusiness license. The following points address why this is necessary for the survival of San Rafael Cannabis businesses as well as regulation verbiage crafted by other municipalities excluding cultivation from the microbusiness activity options.

We want to stress how grateful we are to be working with the city of San Rafael and our appreciation for how you have supported us as we work hard to survive in the regulated cannabis industry. Over the past eight years we have faced many unpredictable challenges and ultimately learned what we need to do in order to continue, to survive and ultimately thrive in cannabis. We believe a Microbusiness License would help stabilize our businesses.

Most cannabis dispensaries are necessarily oriented toward the customers who desire the intoxicating cannabis products and the revenue that generates for them. There is very little incentive for promoting medicinal products for wellness with a few exceptions like Mercy Wellness in Sonoma and CBCB in Berkeley. That said medicinal cannabis products have a unique client base that is mostly not served in regular dispensaries and usually are unable to find products that they need. The following points clearly show how and why allowing a microbusiness license will be a giant step towards preserving San Rafael's cannabis businesses.

**A Microbusiness license protects us from retailers failing**

If state regulations do not change soon many more retailers will go out of business because of improper excise tax collection and remittance. Some retailers are using tax proceeds to fund business operations leading ultimately to closure due to inability to pay the taxes and penalties when they are due. Most retailers will close

without paying for the products purchased from the distributor and then the distributor cannot pay the manufacturers (us). Fewer retailers means fewer places for our customers to purchase.

<https://www.greenmarketreport.com/california-cannabis-chaos-state-bailout-might-be-needed/>

**A Microbusiness license gives us more control to sell directly to our hard won customer base**

Small manufacturers are regulated to sell through licensed retailers but have little control over which retailers will carry and sell their products. Many retailers require cash payments just to acquire shelf space given that large well-funded companies buy shelf space to decrease competition and effectively crush small craft manufacturers.

**A Microbusiness license allows us to introduce new products through our own portals.** It is nearly impossible to introduce a new product line through the existing distributor to retailer framework since each dispensary would need to be convinced to carry a new product with unknown popularity. Introducing a new product to our customer base allows earned trust marketing to a loyal base and filling the need for medicinal cannabis products.

**A Microbusiness license gives us access to the retail revenue and strengthens us financially**

We bear all the cost of manufacturing, testing, distribution as well as marketing just to direct our dedicated customers and new customers to retailers. These costs are paid by us at wholesale revenue rates. A Microbusiness License allows us to continue to serve customers at the retail outlets as well as our own customers who have no local dispensary and gives us access to the retail revenue generated by our sales.

**A Microbusiness license insulates us from ancillary business failure and helps us achieve self-sufficiency**

One of the state's largest cannabis distributors just went out of business leaving many manufacturers with no access to the market and unpaid for inventory sold at the retailer.

<https://www.ganjapreneur.com/california-cannabis-distributor-herbl-collapses/>

Those of us who have survived have learned to anticipate as best we can. The future is uncertain but I see several possible outcomes with Federal rescheduling of Cannabis. One is Big Pharma will dominate and control the regulations and restrict small operators meaning we will need to pool our resources and have our businesses self-sufficient and nimble. Another option is there is no Federal legalization in which case we will need to be strong and vertical in order to survive. All possible outcomes require us to be in control of all aspects of our businesses. We have all watched as regulated and required cannabis businesses have failed financially and taken the revenue of small manufacturers with them precipitating their demise. We see this and know what we need to do and a Microbusiness will strengthen all of us in San Rafael.

Please consider adding an amendment to the San Rafael cannabis regulations which allows existing license holders to obtain a microbusiness license while continuing to restrict cannabis cultivation.

Sincerely,

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