

Humboldt County Cannabis License Overview

January 2020

Summary

This report tabulates all types of active cannabis licenses, including annual, provisional, and temporary licensesⁱ. Each licensing authority tracks expiration dates of temporary licenses and issues a provisional license to qualified temporary license holders before their current temporary license expires. To qualify for a provisional license, applicants must hold or have held a temporary license for the same premises and the same commercial cannabis activity for which the provisional license will be issued. Additionally, the applicants must have submitted a completed license application to the licensing authority, which must include a document or statement indicating that California Environmental Quality Act (CEQA) compliance is underway. Provisional or temporary licensees must meet all statutory and regulatory requirements in order to receive an annual license. However, unlike annual licenses, provisional and temporary licenses may not be renewedⁱⁱ. Licenses are divided into a number of categories, types and tiers depending on activity and size of operation.

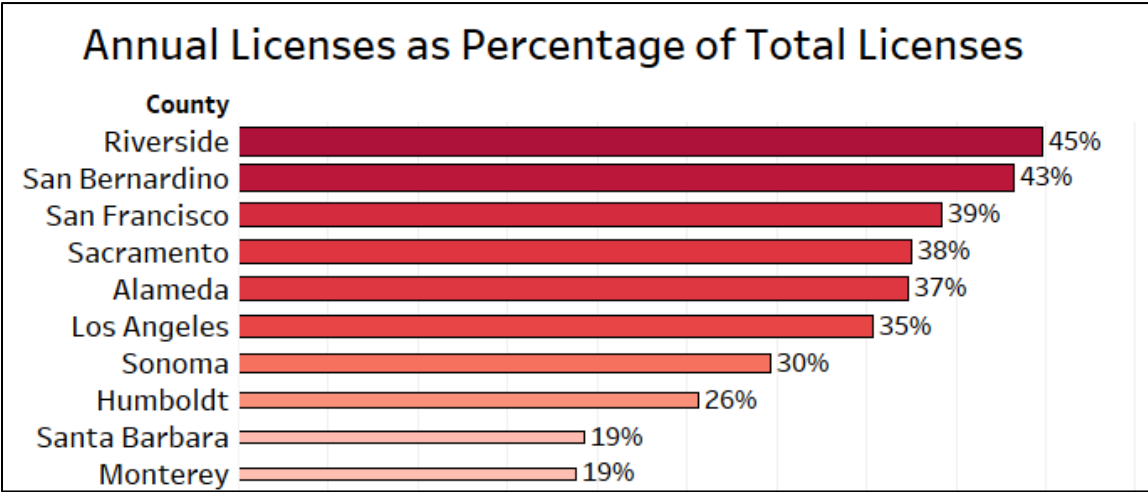
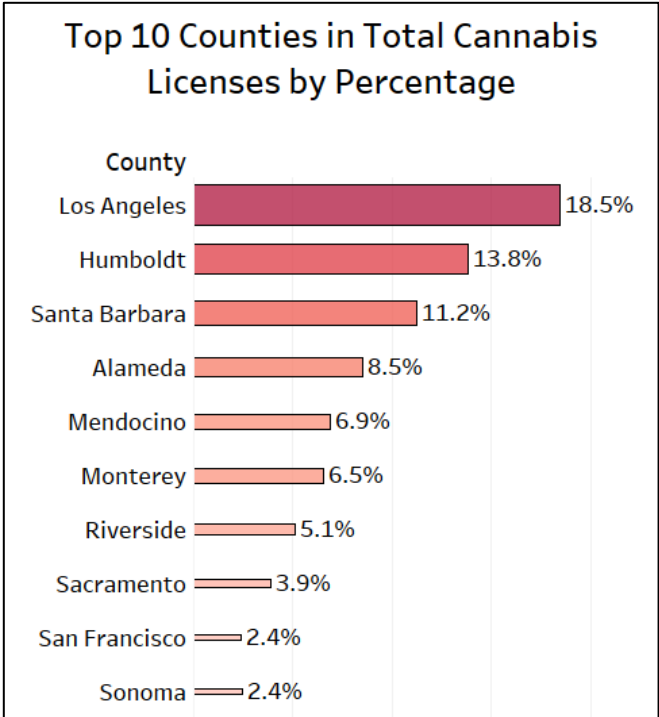
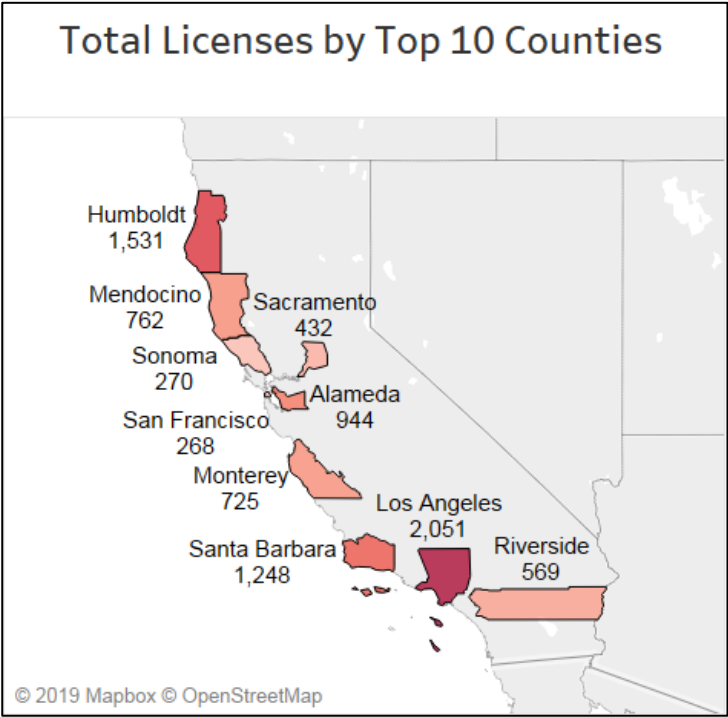
Under the North American Industry Coding System (NAICS), firms are coded according to primary activity, not according to product, so the NAICS system does not recognize a “cannabis” industry. The currently available NAICS industry codesⁱⁱⁱ for cannabis cultivation firms are:

- 1) 111998 - All Other Miscellaneous Crop Farming (outdoor cultivation).
- 2) 111419 - Other Food Crops Grown under Cover (indoor, greenhouse, and mixed light cultivation).
- 3) 424590 - Other Farm Product Raw Material Merchant Wholesalers (distribution-transportation).
- 4) 424990 - Other Miscellaneous Nondurable Goods Merchant Wholesalers (distribution only).
- 5) 453998 - All Other Miscellaneous Store Retailers except Tobacco Stores (retail).

Manufacturing (NAICS 31-33) is a broad category that represents a challenge with identifying NAICS industry codes relevant to firms that handle cannabis. Manufacturers utilizing cannabis in their products are coded according to their activity and may be found in a variety of manufacturing industry codes within range of the 31-33 codes.

Total Licenses

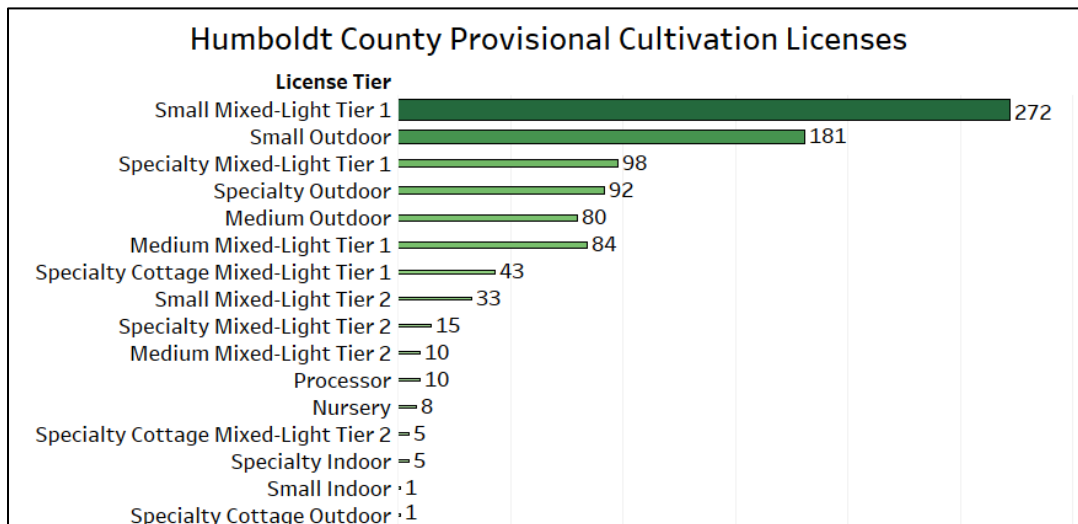
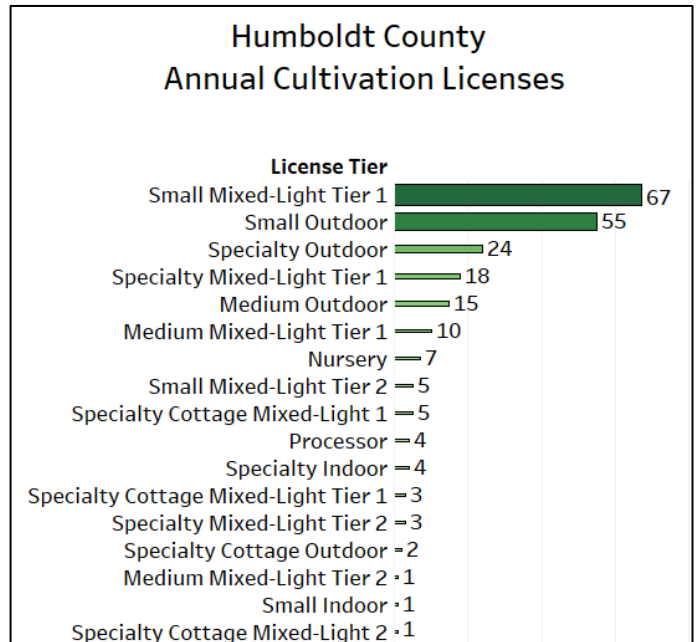
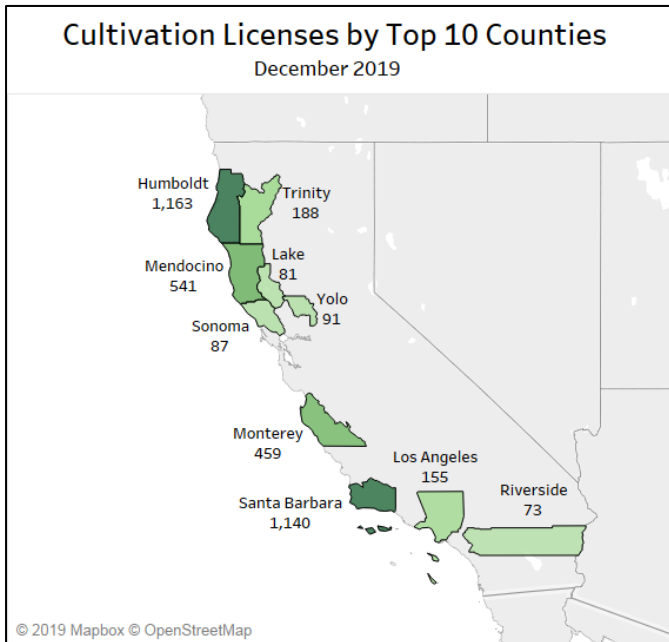
In the number of total cannabis licenses statewide, Humboldt County ranks in second place in the state. Only Los Angeles County holds more annual and provisional cannabis licenses. However, Los Angeles County’s population is 10.1 million, which dwarfs Humboldt County’s population of 135,490. Statewide, 65% of the total active cannabis licenses are found in the “Big Six” counties, composed of Alameda, Humboldt, Los Angeles, Mendocino, Monterey, and Santa Barbara Counties.



Cultivation Licenses

As of December 19, 2019, Humboldt County leads the state in the number of cultivation licenses, with a total of 1,163 annual and provisional licenses, or 27 percent of the total statewide cultivation licenses. Only Santa Barbara County, with 1,140 cultivation licenses or 26 percent of the total cultivation licenses, is comparable in number of cultivation licenses. In third place, Mendocino County has 541 licenses, with Monterey County following closely at 459 licenses. These four counties collectively hold 76 percent of the total statewide cultivation licenses, with the remaining 24

percent distributed among 43 other counties (11 counties have no license activity). Cultivation licenses are broken down by types, with each type containing multiple tiers.



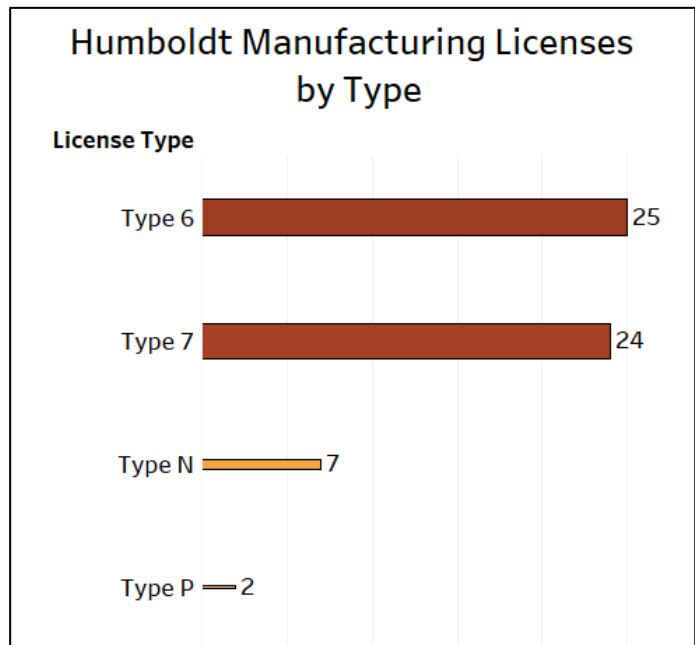
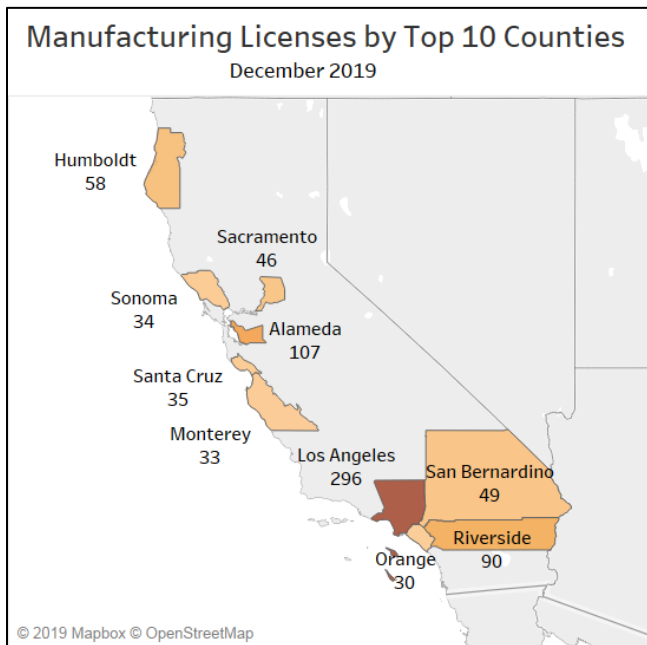
Manufacturing Licenses

In manufacturing licenses, Humboldt County ranks fifth in the state with 58 licenses, or 6 percent of the total manufacturing licenses (Types 6, 7, N, P, and S). Currently, a contiguous manufacturing hub is developing in a four county area of southern California, comprised of Los Angeles, Orange, San Bernardino, and Riverside Counties. Collectively, these four counties hold 49 percent of the total statewide cannabis manufacturing licenses. However, Humboldt's position as a leading producer of raw material for manufacturing offers opportunity for the area to

continue to develop manufacturing opportunities and to recruit new and existing manufacturers who are seeking to reduce transportation costs.

Manufacturing licenses are currently classified in four different categories. The four different types of manufacturing licenses shown below are defined as follows:

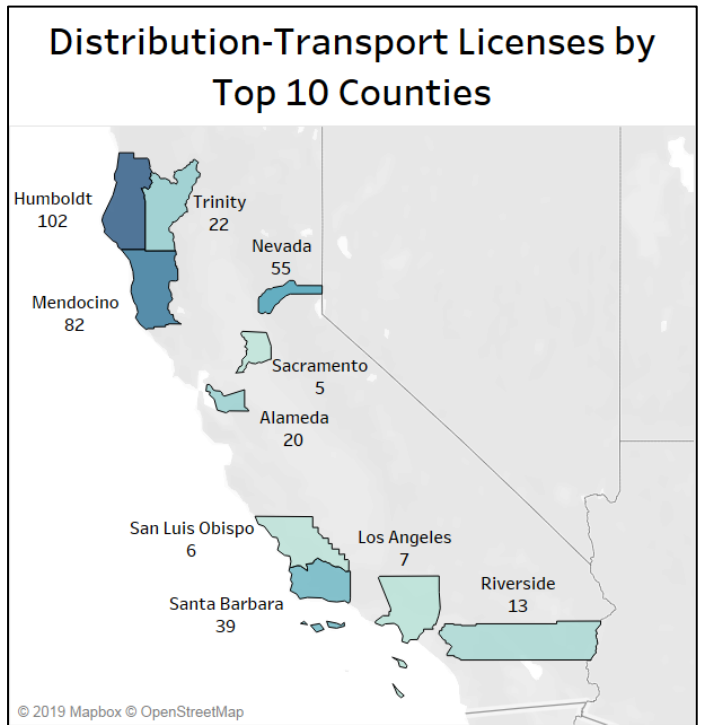
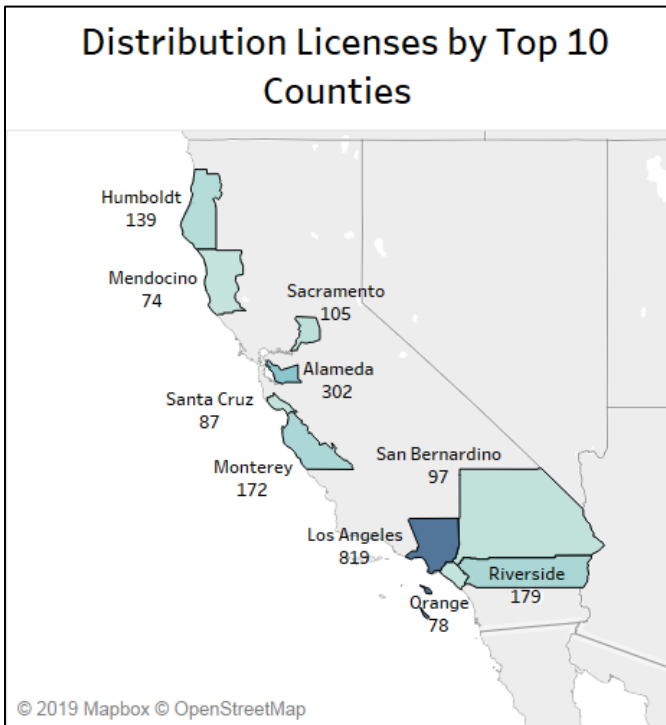
- 1) Type 6 - Non-volatile extraction
- 2) Type 7 - Volatile extraction
- 3) Type N - Infusion
- 4) Type P - Packaging and Labeling



Distribution and Distribution-Transport Licenses

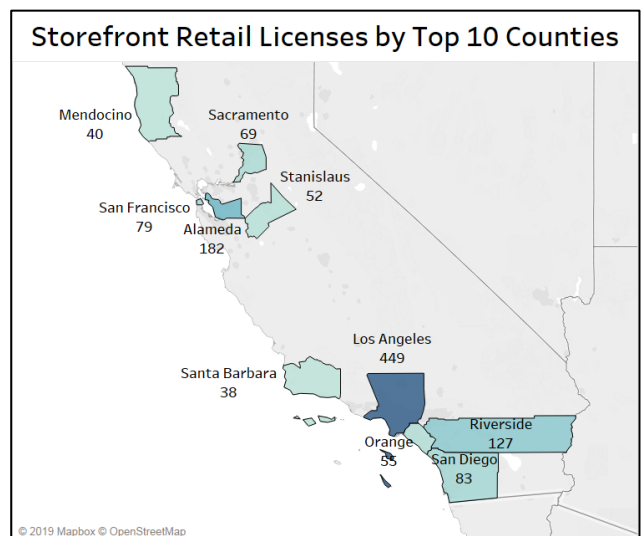
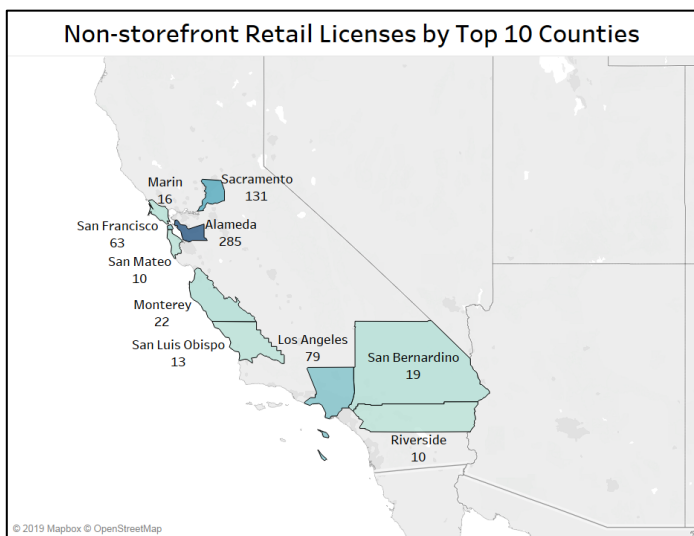
Two types of distribution licenses exist in California. A distributor (Types 1) licensee is responsible for transporting cannabis goods between licensees, arranging for testing of cannabis goods, and conducting the quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements. A licensed distributor may only distribute cannabis goods, cannabis accessories, and licensees’ branded merchandise or promotional materials. A distributor-transport only (Type 13) licensee is responsible for transporting cannabis goods between licensees, but may not transport any cannabis goods, except for immature cannabis plants and/or seeds, to a licensed retailer or to the retailer portion of a licensed microbusiness. A distributor transport only licensee who selected “Self-Distribution” during the application process may only transport cannabis goods that the licensee has cultivated or manufactured. A distributor transport only self-distribution licensee is not permitted to transport cannabis goods cultivated or manufactured by other licensees. Humboldt ranks first statewide with 102 distribution-transport licenses and fourth in

the number of distribution licenses, with 82 licenses. Los Angeles County ranks first with 819 licenses, while Alameda County comes in third place with 302 licenses.



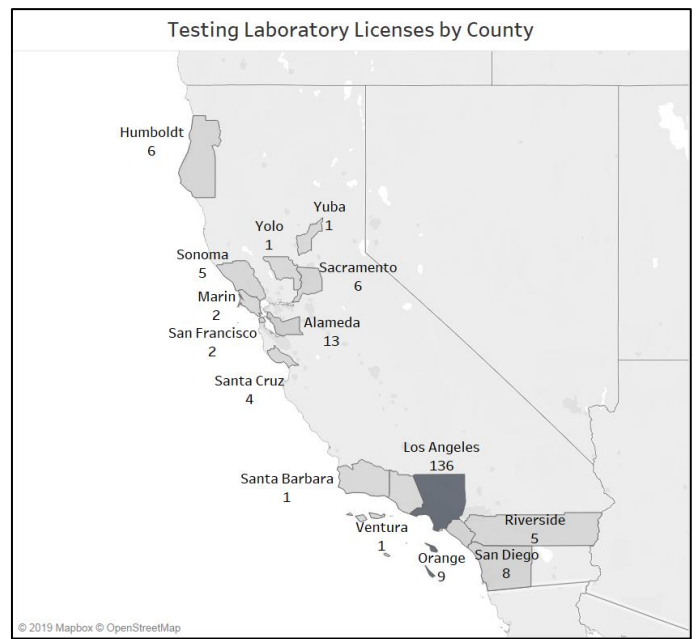
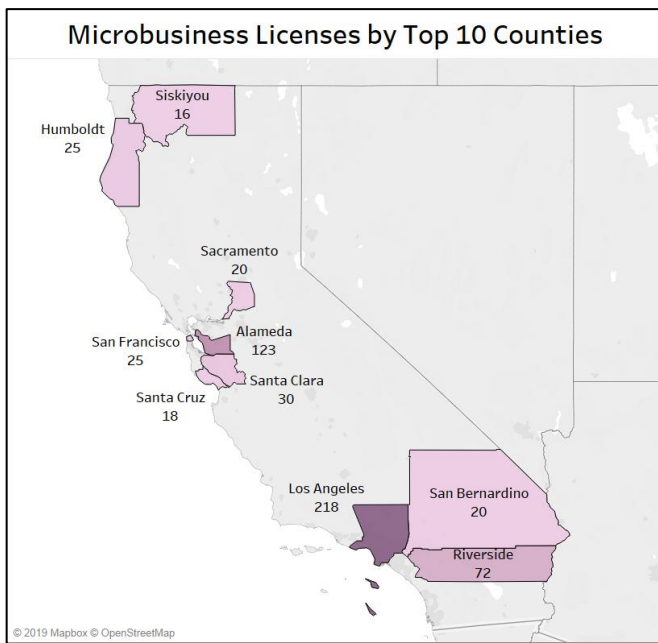
Retail (Store Front and Non-store Front)

Humboldt County did not rank in the top 10 counties in this retail license category (Types 9 and 10) because only two non-storefront retail licenses were recorded in the area. The largest concentration of retail licenses is southern California, the state’s population center, followed by Alameda County in the Bay area.



Microbusiness and Testing Laboratories

Testing laboratories (Type 8) represent the smallest number of total licenses in this overview. Los Angeles County dominates this license class with 68 percent of the total statewide testing licenses located in this area. With 6 testing labs, Humboldt county ranked in sixth place. However, Humboldt County hold the largest number of testing licenses north of Sacramento and Sonoma Counties. Currently, a microbusiness license (Type 12) allows a licensee to engage in the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer (Type 6), and retailer, as specified in an application. In order to hold a microbusiness license, a licensee must engage in at least three (3) of the four (4) listed activities. Humboldt County ties with San Francisco County for fifth place in the Microbusiness license category.



Data Sources

ⁱ Licensing data is derived from Bureau of Cannabis Control (CDCA), CalCannabis (CDFA), and Manufactured Cannabis Safety Branch (CDPH) databases. Data may be accessed at the [California Cannabis Portal](#). Event licensing was excluded from this overview.

ⁱⁱ All content regarding licensing types is taken from the websites of the three state licensing agencies. Information may be subject to change. Content provided for informational purposes only.

ⁱⁱⁱ U.S. Department of Labor Statistics.