From: Brando Duong
To: PSFSScommittee

Subject: Regarding the sale of hemp products in San Jose.

Date: Tuesday, April 15, 2025 4:40:20 PM

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Hello,

My name is Brando Duong, I am a dispensary owner in San Jose concerned about the illegal hemp products being sold in our city.

I would like to see these vape and smoke shops face consequences for selling illegal unregulated products. I believe that these products are harmful to our communities and are too easily accessible for people under 21.

I support the city of San Jose hiring a new code enforcement person as well as increasing the fines/regulations for these businesses.

Thank you for reading my email.

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From: Jessie Duong
To: PSFSScommittee

Subject: Illegal hemp and THC products being sold in San Jose.

Date: Tuesday, April 15, 2025 4:56:41 PM

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Dear Committee members,

My name is Jessie Duong, I am a dispensary owner in San Jose concerned about the illegal hemp products being sold in our city.

I would like to see these vape and smoke shops face consequences for selling illegal unregulated products. I believe that these products are harmful to our communities and are too easily accessible for people under 21 and it has been going on for a few years now in our City.

I support the city of San Jose hiring a new code enforcement person as well as increasing the fines/regulations for these businesses.

Thank you for reading my email.
Jessie Duong
10the Street Cannabis Co.

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

From: Ryan DeArkland

To: PSFSScommittee

Subject: Urgent Need for Enforcement Against Non-Compliant Hemp Retailers in San Jose

Date: Tuesday, April 15, 2025 7:22:57 PM

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Dear Members of the PSFSS Committee,

I am writing on behalf of Theraleaf, a **licensed and tax-paying cannabis retailer in San Jose**. We operate in full compliance with California law and local regulations, and we strongly support the City's efforts to increase enforcement on the illegal sale of intoxicating hemp products by unlicensed businesses.

As outlined in the staff memorandum and presentation for the April 17, 2025 PSFSS Committee meeting, the ongoing sale of unregulated, intoxicating hemp-derived products—such as delta-8, THCA, and other synthetically produced cannabinoids—is both a public health risk and a direct threat to the viability of San Jose's licensed cannabis retailers.

Despite the Governor's emergency regulations effective as of September 2024—which prohibit detectable THC or intoxicating cannabinoids in hemp products and establish a 21+ purchase age—vape shops, smoke shops, and convenience stores continue to sell these products in violation of state law, exploiting the loopholes left by AB 45 and the federal Farm Bill.

These actions harm compliant businesses in several key ways:

- Consumer Safety is Undermined: Products sold outside of the regulated cannabis market are not tested, lack standard labeling, and often mislead consumers about their potency and legal status.
- Licensed Retailers are Economically Disadvantaged: We operate under strict oversight, pay substantial taxes and compliance fees, and undergo regular inspections. Unlicensed retailers who disregard these rules undercut the regulated market by offering lower prices on illicit products.
- The City's Cannabis Tax Revenue is at Risk: As noted in the memorandum, cannabis business tax revenue declined from \$15.7M in FY 2023–2024 to a projected \$13.0M in FY 2024–2025, even as illegal activity persists in plain sight. The legal market cannot sustain this imbalance indefinitely.

We echo staff's findings and respectfully urge the City to take the following actions:

1. Allocate General Fund resources to support enforcement against unlicensed sales of hemp products containing THC.

- 2. **Hire dedicated code enforcement officers** to investigate and cite smoke shops, vape shops, and convenience stores selling these products.
- 3. Implement escalating fines similar to those in Sacramento County (\$10,000+) for repeated violations. Too low of a fine will not prevent them from selling the products
- 4. Consider a moratorium or permitting process for new smoke shops, as recently done in Campbell, to prevent further proliferation of illegal operators.

The City of San Diego, Sacramento County, and others have already taken clear action to curb this problem. We believe San Jose should do the same to protect public health, support compliant businesses, and safeguard city revenue.

We appreciate your consideration and look forward to seeing progress on this urgent issue.

Sincerely, Ryan DeArkland

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