



July 13, 2021

The Honorable Richard Roth
Chair, Senate Committee on Business, Professions and Economic Development
State Capitol, Room 2053
Sacramento, CA 95814

**RE: AB 1138 (Rubio) Unlawful cannabis activity: civil enforcement.
NOTICE OF SUPPORT**

The California Cannabis Industry Association (CCIA) supports Assembly Bill 1138 by Assemblymember Blanca Rubio, as amended on July 8, 2021. This bill takes a reasonable approach to enforcement against illicit cannabis operations by imposing a civil penalty of no more than \$30,000 for any person aiding or abetting unlicensed commercial cannabis activity, with a statute of limitations of three years.

Since the legalization of adult-use cannabis in 2016, one of the biggest hurdles for our state's emerging industry has remained the illicit cannabis market. Illicit operators do not follow the state's regulatory requirements, do not pay taxes and do not follow the state's rigorous testing and quality assurance protocols. This not only means illicit operators pose a continuing public safety risk, but also allows them to sell products at a far lower cost than compliant businesses. Currently, it is estimated illicit cannabis businesses outnumber legal, licensed businesses by 3-1.

AB 1138 takes a reasonable approach to combating these illicit operations by imposing a civil penalty for any person aiding or abetting unlicensed commercial cannabis activity. By requiring that certain factors be demonstrated in order to prove that a person aided and abetted an unlicensed cannabis activity, and by limiting who may bring an action civil penalties to only the Attorney General or city or county prosecutors, this bill does not create a pathway for frivolous lawsuits and unfair bias against legitimate cannabis entrepreneurs.

For these reasons, CCIA is proud to support AB 1138 and asks for your AYE vote when it is heard in the Business, Professions and Economic Development Committee.

Sincerely,

Lindsay Robinson,
Executive Director

Cc: Assemblymember Blanca Rubio, 48th District
Members, Senate Business, Professions, and Economic Development Committee

Sarah Mason, Staff Director, Senate Business, Professions, and Economic Development
Committee

Kayla Williams, Consultant, Senate Republican Caucus