



July 15, 2022

To: Members, CCIA Board of Directors

Cc: Lindsay Robinson, Executive Director

From: Amy Jenkins, Legislative Advocate
Zachary Weiner, Legislative Aide

RE: Legislative Update on Cannabis Bills of Interest

The legislature had several key deadlines in June, including the policy committee and budget deadline, before adjourning for a month-long summer recess on June 30. Upon their return to the State Capitol on August 1, the focus will shift to the appropriations process, with both the Assembly and Senate fiscal committees holding their first round of hearings during the week of August 1. Staff anticipates daily floor sessions to begin the week of August 15 until the legislature adjourns the 2021-22 Legislative Session for the year on August 31, 2022.

Prior to recessing for the summer holiday, the 2022-23 state budget was negotiated between the legislature and governor, with the governor signing into law a primary budget bill on June 27, then two budget bill juniors and twenty-seven trailer bills on June 30, including AB 195, the budget trailer bill on cannabis. An analysis for AB 195 was previously shared with your Board on July 1.

Below are details pertaining to remaining cannabis legislation still moving through the legislature. CCIA and Precision staff continue to monitor and actively engage on 20 cannabis-related bills still pending action in the legislature. Bill's are summarized below. Note that underlined text indicates the most recent amendments.

Please do not hesitate to contact us with any questions or if you wish to discuss any of these bills in greater detail. In the meantime, thank you for your time and attention.

Tax Reduction/Reform

AMENDED, June 22 - SB 1293 (Bradford): Income taxation: credits: cannabis: equity applicants and licensees. This bill, as amended June 22, enacts the Cannabis Equity Tax Credit to permit various tax credits for equity applicants, as defined.

Status/Comments: While SB 1293 is pending action in the Assembly Committee on Appropriations, its contents were amended into AB 195, the budget trailer bill on cannabis, which was signed on June 30. In conversations with the author's office, we understand that the intent of the bill is still under discussion. Prior communications indicated that the bill was to be used to narrow the social equity definition.

However, more recent discussions indicate that the author is considering using this bill as a vehicle for provisional license clean-up, though such clean-up would be specific to the social equity community. As your Board will recall, last year AB 141 and SB 160, the budget trailer bills on cannabis, were enacted to extend the provisional license program for cannabis. Among their provisions, the trailer bills provided an 18-month extension for social equity applicants to apply for and obtain a provisional license from the DCC. Language in the 2021 Budget Act also appropriated \$100 million dollars to aid local jurisdictions in the timely processing of local permits, which are necessary to apply for and receive a provisional license. Despite substantial investments in this area, the author's office has been informed that the City of Los Angeles continues to lag behind in processing permits and there is concern that applicants in queue at the locally level will be unable to meet the deadlines as prescribed.

Staff will be following up with the author's office again before the session reconvenes on August 1 and will keep your Board informed of any developments in this area.

Retail Access

AS AMENDED, June 29 - SB 1186 (Wiener): Cannabis: local jurisdictions: Medicinal Patients' Right of Access Act. This bill enacts the Medicinal Patients' Right of Access Act on and after January 1, 2024, and establishes a new chapter in the Medicinal and Adult Use Marijuana Regulation and Safety Act (MAUCRSA). Specifically, the bill does the following language.

1. Includes finding and declarations that:
 - a. Access to medicinal cannabis and medicinal cannabis products is an integral aspect of access to health care, and that eliminating barriers to medicinal cannabis access is essential to promoting and preserving the health of Californians for whom physicians have recommended the use of cannabis or cannabis products; and
 - b. States that it is the policy of the state and the intent of the Legislature to ensure that Californians have timely and convenient access to safe, effective, and affordable medicinal cannabis or cannabis products.
2. Prohibits a local jurisdiction from adopting or enforcing any regulation that prohibits access to retail sale by delivery to medical cannabis patients.
3. Precludes local jurisdictions from adopting unreasonable restrictions on the safe and affordable sale of medicinal cannabis and medicinal cannabis products by delivery, including, but not limited to, regulations that unreasonably restrict any of the following:
 - a. The number of medicinal cannabis businesses authorized to operate in the local jurisdiction.
 - b. The operating hours of cannabis businesses.
 - c. The number or frequency of sales of medicinal cannabis by delivery.
 - d. The types or quantities of medicinal cannabis authorized to be sold by delivery.
4. Specifies the way local jurisdictions can achieve compliance, as follows:
 - a. Limit the sale of medicinal cannabis to delivery only.
 - b. Limit the sale of medicinal cannabis to storefront retail at one or more license retail premises within a jurisdiction.
 - c. Authorize retail access consistent with existing requirements set forth in the MAUCRSA.

- d. Provides that CEQA does not apply to specified actions taken by a local jurisdiction relating to medicinal cannabis businesses, including the repeal of any local regulation prohibiting the operation of medicinal cannabis businesses, but clarifies that this section does not waive any applicable environmental review for the individual discretionary review and approval of any local permits, licenses, or other local authorizations.

Status: SB 1186 will be heard in the Assembly Committee on Appropriations on August 3.

CCIA position: Sponsor

CEQA/Streamlining Licensure Process

AS AMENDED, June 30 - SB 1148 (Laird): Cannabis: licenses: California Environmental Quality Act. As amended June 30th, this bill provides that CEQA does not apply to the issuance of a state license for a project to engage in commercial cannabis activity if the appropriate local jurisdiction, as the lead agency, has done either of the following:

1. Approved the project, either adopted a negative declaration or mitigated negative declaration for the project or certified an environmental impact report for the project, and filed with the Office of Planning and Research a notice of determination
2. Approved the project following a determination that the project complies with a local ordinance governing commercial cannabis activity for which an environmental impact report has been certified and the project does not result in an impact that was not analyzed in that environmental impact report.

Furthermore, the bill specifies that to qualify for the CEQA exemption, the local jurisdiction's determination on the project must be final and the local jurisdiction's determination must not be subject to pending judicial review. Compliance with these requirements will be determined by the DCC.

According to the author's fact sheet, the DCC will continue to conduct a CEQA review where local project approval is ministerial. The fact sheet further stipulates that the bill does eliminate existing licensing requirements set forth by the Department of Fish and Wildlife and the State Water Resources Control Board.

This bill is author-sponsored.

Status: SB 1186 will be heard in the Assembly Committee on Appropriations on August 3.

CCIA position: Support

Hemp Integration

AB 1656 (Aguiar-Curry): Cannabis: industrial hemp. While currently a spot bill, the bill intent is to provide a path to integrate hemp into the cannabis supply chain, including authorization to sell hemp products in licensed cannabis dispensaries. This bill is a follow-up to AB 45 (Aguiar-Curry, 2021) which

includes a provision requiring the DCC to prepare a report to the governor and the Legislature, outlining the steps necessary for the incorporation of hemp products into the cannabis supply chain by July 1, 2022. It is the author's intent to use the DCC's report to inform the development of the legislation later this year.

Status: This bill is pending a vote on the Senate Floor.

Comments: Precision participated in a meeting with the DCC on April 7. The purpose of the meeting was to provide recommendations to the DCC to help inform its report with the following goals and objectives in mind:

1. Permit the integration of hemp cannabinoids, excluding THC, into manufactured cannabis products.
2. Permit the manufacture of hemp products and cannabis products on the same premises.
3. Permit the sale of hemp in cannabis retail stores.

While the scope of the DCC's report is unclear as of now, feedback from DCC staff seemed to suggest the following:

1. The DCC has not considered dual-use and does not intend to make the concept part of its report.
2. The DCC is considering many of the rules and policies concerning integration from programs in other states, but does not appear to be considering how to effectively integrate emerging cannabinoids beyond CBD.

Update: On June 28, Precision, along with other members of your Board, were informed that the report, previously due on July 1, per existing statute, was going to be late. The justification provided is that the report is still in the review process and no timeline was offered. Since that time, Precision has reached out to the DCC and the author's office and will keep your Board apprised of any updates on this matter.

CCIA position: Support

Interstate Agreements

AS AMENDED, APRIL 7 - SB 1326 (Caballero): Cannabis: interstate agreements. This bill authorizes the governor to enter into an agreement with another state or states authorizing medicinal or adult-use commercial cannabis activity, or both, between entities licensed under the laws of the other state or states and entities operating with a state license pursuant to MAUCRSA, provided that the commercial cannabis activities are lawful and subject to licensure under the laws of the other state or states and adhere to the following requirements and limitations:

1. The out-of-state commercial cannabis licensee (hereafter also referred to as "foreign" license or licensee) is prohibited from engaging in commercial cannabis activity within California without a state license, or engaging in commercial cannabis activity within a local jurisdiction without a license, permit, or other authorization issued by the local jurisdiction.
2. Provides that the interstate agreement require the other state or states to impose requirements on its licensees with regard to cannabis and cannabis products to be sold or otherwise distributed

within California that **meet or exceed** the requirements applicable to MAUCRSA licensees, as follows:

- a. Enforceable public health and safety standards.
 - b. Mandatory participation in a state administered seed to sale tracking system.
 - c. Laboratory testing, packaging and labeling, quality assurance and inspection requirements.
 - d. Marketing, labeling and advertising restrictions.
 - e. Has a process in place for the identification of adulterated or misbranded cannabis products and destruction protocols.
3. Requires the agreement to also include provisions:
- a. To address public health and welfare emergencies concerning foreign cannabis or cannabis products that are sold or intended for sale within this state and provisions related to the investigation of licensees and of instances of alleged noncompliance with the commercial cannabis regulatory programs, as specified.
 - b. For the collection of all applicable taxes.
 - c. That promote the inclusion and support of individuals disproportionately affected by cannabis criminalization.
4. Specifies that the agreement does not constitute a project for purposes of the California Environmental Quality Act.
5. Exempts the governor from traditional rulemaking procedures and requirements, but incorporates reporting language as follows:
- a. A requirement for proposed agreements or agreement amendments to be submitted to the Joint Budget Committee for review and comments. The committee will have 60 days to review and submit written recommendations. The Governor must provide in writing reasons for any legislative recommendations not incorporated into the agreement.
 - b. Require proposed agreements or amendments to be posted on the department's internet website for 30 days for public comment.
 - c. Require activities undertaken pursuant to this legislation to be included in the department's annual report to the legislature.
6. Makes any interstate agreement operative only upon the receipt of some reassurance that the agreement would not provoke adverse federal action, as specified.

This bill is sponsored by the Rural County Representatives of California and the Cannabis Distribution Association.

Status: SB 1326 will be heard in the Assembly Committee on Appropriations on August 3.

CCIA position: Support, if amended

Labeling and Advertising

1. **AS AMENDED, JUNE 22 - SB 1097 (Pan): Cannabis and cannabis products: labeling and advertising.** This bill was amended on March 29. Amendments are underlined below. The bill

continues to make substantive changes to existing labeling, disclosure, and advertising requirements. Specifically, this bill:

- a. Makes 13 findings and declarations outlining the increased use and associated the health risks to consumers of cannabis.
- b. Requires the Department of Public Health, on or before January 1, 2024, to create a single page brochure that includes warnings regarding dosage, delayed effects of edibles, the potential for cannabis use to contribute to mental health problems including psychosis, schizophrenia, and increased thoughts of suicide, risks during pregnancy, cyclical vomiting and more.
- c. Requires retailers and microbusinesses to print and distribute the brochures. On or after March 1, 2024, retailers, microbusinesses, and delivery drivers shall offer the consumer with a copy of the brochure at the time of purchase or delivery and shall have brochures visibly available at point of service.
- d. On or before January 1, 2030, and every five years thereafter, the department shall either recertify the warnings or create new language that accurately reflects the evolving science on cannabis health effects.
- e. Requires the DCC, no later than July 1, 2025, to adopt regulations to require cannabis and cannabis product labels and inserts to include a clear and prominent warning regarding the risks that cannabis use may contribute to mental health problems.
 - i. The DCC shall consult with the Department of Public Health and the University of California, as well as all additional stakeholders identified by the DCC during the rule making process
 - ii. On or before January 1, 2030, and every five years thereafter, the DCC, DPH, and University of California shall reevaluate the regulations to determine whether they reflect the evolving science on cannabis health effects and on effective communication of health warnings

Status: SB 1097 will be heard in the Assembly Committee on Appropriations on August 3.

CCIA position: Oppose

Delivery

AS AMENDED, JUNE 22 - AB 1014 (McCarty): Cannabis: delivery. This bill permits delivery vehicles to carry up to \$10,000 worth of cannabis goods, ~~provided that \$5,000 has already been fulfilled prior to the delivery employee departing from a licensed premises.~~ The language also incorporates additional requirements for the licensed retailer, as a condition of pursuing the higher case limit, which was negotiated with labor. Additional requirements include, but are not limited to the following:

1. All required hardware, tools, and supplies (e.g., dedicated GPS monitoring device, secure case, dash cameras if required, etc.);
2. Reimbursement to drivers of legally required costs to conduct business if drivers are using a personal vehicle;
3. Insurance requirements that cover not less than \$1 million per incident for employees that utilize their own vehicles; and
4. Healthcare benefits for full-time delivery employees.
5. AB 1014 also specifies vehicle requirements when the licensed retailer provides vehicles to its delivery employees.

Status: Referred to the Senate Committee on Appropriations

CCIA position: Support

Single Use Vape and Tobacco Filter Ban

AS AMENDED, JUNE 29 - AB 1894 (L. Rivas): Integrated cannabis vaporizer: packaging, labeling, advertisement, and marketing. As amended June 29, this bill requires the package and label of, and the advertisement and marketing of, a cannabis cartridge and a non-rechargeable cannabis vape (or integrated cannabis vaporizer) to prominently display a specified message to properly dispose of a cannabis cartridge and integrated cannabis vaporizer as household hazardous waste. The bill further prohibits the package, label, advertisement, and marketing from indicating that a non-rechargeable cannabis vape or cartridge is disposable or implying that it may be thrown in the trash or recycling streams. This bill would go into effect July 1, 2024.

Status: AB 1894 will be heard in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Enforcement

1. **AMENDED, JUNE 23 - AB 2451 (Wood): State Water Resources Control Board: drought planning.** This bill requires that State Water Resources Control Board (SWRCB) establish a Drought Section within the Division of Water Rights, and, in consultation with the Department of Fish and Wildlife, adopt principles and guidelines no later than March 31, 2024, that address diversion and use of water in coastal watersheds during times of water shortage for drought preparedness and climate resiliency and for the development of watershed-level contingency plans to support public trust uses, public health and safety, and the human right to water in times of water shortage. As amended, this bill clarifies specific characteristics that the principles and guidelines must conform to. In addition, the bill encourages the State Water Resources Control Board to identify opportunities for investment in new infrastructure that would allow for more sustainable water usage, and encourages more efficient approval of such infrastructure. The bill further authorizes the SWRCB to issue cease-and-desist orders when water diversions are out of

compliance and provides that persons found to be out of compliance shall be subject to penalties not to exceed \$500 for each day that the violation occurs.

Status: Referred to Senate Committee on Appropriations

2. **AMENDED, MARCH 30 - AB 2595 (Jones-Sawyer): Juveniles: dependency: jurisdiction of the juvenile court.** As amended March 30, this bill requires the State Department of Social Services to update all regulations, all-county letters, and other instructions relating to the investigation of a minor who may be within the jurisdiction of the juvenile court to ensure that, when a social worker is investigating an alleged case of child abuse or neglect, a parent or guardian's use or possession of cannabis is treated in the same manner as a parent or guardian's use or possession of alcohol and legally prescribed medication.

Status: AB 2592 will be heard in the Senate Committee on Appropriations on August 1.

Temporary Events

AMENDED, JUNE 13 - AB 2210 (Quirk): Cannabis: state temporary event licenses: venues licensed by the Department of Alcoholic Beverage Control: unsold inventory. As amended, this bill prohibits the DCC from denying a state temporary event license to a retail licensee under MAUCRSA solely on the basis that there is a license issued pursuant to the Alcoholic Beverage Control Act for the proposed premises of the event. The bill would prohibit the Department of Alcoholic Beverage Control from taking disciplinary action against a person licensed pursuant to the Alcoholic Beverage Control Act on the basis of a state temporary event license issued by the DCC to a licensee that utilizes the same premises. The bill requires that alcoholic beverage sales be suspended until 6 AM of the following morning. The bill further allows the DCC to require the event and all participants to cease operations without delay if, in the opinion of the DCC or local law enforcement, it is necessary to protect the immediate public health and safety of the people of the state. It also allows the imposition of a civil penalty for violations, in an amount up to 3 times the amount of the license fee for each violation. The bill further allows licensees who are issued any state temporary event license by the DCC to, upon completion or cessation of the temporary event, reconcile unsold inventory of cannabis or cannabis products and return it to the licensee's retail premises.

Status: AB 2210 will be heard in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Insurance

AB 2568 (Cooley): Cannabis: insurance providers. Sponsored by Insurance Commissioner Ricardo Lara, this bill provides that it is not a crime solely for individuals and firms to provide insurance and related services to persons licensed to engage in commercial cannabis activity.

Comments: Preliminary conversations with the author’s staff suggest that the author's intent is to amend statute in a manner that forces the FAIR Plan to reverse its standing policy which discriminates against cannabis businesses on the basis that cannabis remains illegal under federal law.

Background: California’s Fair Access to Insurance Requirements (FAIR) Plan Property Insurance is known as the insurance of last resort. Established in 1968, the FAIR Plan is a syndicated fire insurance pool composed of all insurers licensed to conduct property/casualty business in California and provide insurance to California property owners who are unable to find traditional insurance. In communications with Insurance Commissioner Ricardo Lara in October, staff learned that the FAIR Plan has been refusing to write any policies for cannabis businesses since 2011.

Status: AB 2568 is pending a vote on the Senate Floor.

CCIA position: Support

Cannabis Beverages

1. **AMENDED - AB 1646 (Chen): Cannabis packaging: beverages.** As amended March 30, this bill authorizes cannabis beverages to be packaged in containers of any material that are clear or any color.

Status: AB 1646 is currently pending in the Senate Appropriations Committee with recommendation for consent calendar.

2. **AMENDED - AB 2155 (Villapudua): Cannabis beverages, as amended March 10, 2022.** This bill defines the term “cannabis beverages” as a form of edible cannabis product that is intended to be consumed in its final state as a beverage.

Status: AB 2155 was signed by the governor on June 21, Chapter 33, Statutes of 2022.

Comments: Precision notes that both bills are sponsored by the Cannabis Beverage Association (CBA).

Cannabis Pet Products

AMENDED, MAY 19 AB 1885 (Kalra): Cannabis and cannabis products: animals: veterinary medicine. Sponsored by the Pet Cannabis Coalition, this bill prohibits the Veterinary Medical Board from disciplining a veterinarian for recommending cannabis for animals for potential therapeutic effect or health supplementation purposes and requires the Board to adopt guidelines for veterinarians to follow when recommending cannabis by January 1, 2024. This bill also redefines “cannabis products,” “cannabis concentrate,” and “edible cannabis products” under MAUCRSA to include products for animals, excluding livestock. The bill further provides that if the cannabis product is intended for therapeutic effect or health supplementation use on, or for consumption by an animal, the cannabis product shall also conform with any additional relevant standards, including, but not limited to, an alternative standardized concentration, established by the DCC through regulations. This bill is a follow up to AB 2215 (Ch. 819,

Statutes of 2018), which allowed veterinarians to discuss cannabis with patients without disciplinary action from the Board.

Status: AB 2210 will be heard in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Consumer/Patient Access

1. **AMENDED, MAY 19 - AB 1954 (Quirk): Physicians and surgeons: treatment and medication of patients using cannabis.** This bill prohibits a physician and surgeon from denying treatment or medication to a qualified patient, based solely on a positive drug screen for tetrahydrocannabinol (THC) or report of medical cannabis use, except to the extent that the qualified patient's use of medical cannabis has been found by a physician and surgeon, following a case-by-case evaluation of the patient, to be medically significant to the treatment or medication. The bill provides that use of medical cannabis that has been recommended by a licensed physician and surgeon shall not constitute the use of an illicit substance in such an evaluation. The bill prohibits a physician and surgeon from being punished, or denied any right or privilege, for having administered treatment or medication to a qualified patient within the bill's requirements.

Status: AB 1954 is pending a vote on the Senate Floor.

CCIA position: Support

2. **AMENDED, JUNE 8 - SB 988 (Hueso): Compassionate Access to Medical Cannabis Act or Ryan's Law.** This bill repeals the existing requirement under Ryan's Law that health care facilities permitting patient use of medicinal cannabis comply with other drug and medication requirements, applicable to Schedule II, III, and IV drugs, and the requirement that those facilities be subject to enforcement actions by the State Department of Public Health. As amended, the bill requires either the patient or a designated caregiver to be responsible for handling the medicinal cannabis and would require medicinal cannabis to be stored securely at all times. The bill would require the patient or the patient's primary caregiver to, upon discharge, remove all remaining medicinal cannabis and, if the patient is unable to do this or doesn't have a primary caregiver, would require the storage of the product in a locked container until it is disposed of.

Status: SB 988 is on the Consent Calendar on the Assembly Floor.

Record Expungement

AMENDED, MAY 19 - AB 1706 (M. Bonta): Cannabis crimes: resentencing, as amended March 10, 2022. Sponsored by the Last Prisoner Project, this bill enacts the Automatic Resentencing, Dismissal, and Sealing of Past Cannabis Convictions Act and directs county district attorneys and courts to complete the work of processing past cannabis convictions deemed eligible for resentencing, dismissal, and sealing,

and directs the Attorney General to declare those records resentenced, sealed, and dismissed in the absence of local action.

This bill is a follow-up to [AB 1793](#) (R. Bonta, Chapter 993, 2018), which allows individuals with prior California cannabis convictions to have those convictions automatically dismissed or redesignated, depending on the type of prior conviction and how the cannabis crime would be categorized, following the passage of Prop. 64.

Specifically, AB 1706 provides that if a sentence was not challenged by January 1, 2020, the court must issue an order recalling or dismissing the sentence, dismissing, and sealing, or redesignating the conviction no later than March 1, 2023. The bill further provides that on or before January 1, 2023, the court shall update its records in accordance with the description above and shall report cases where the sentence has been reduced to the Department of Justice for adjustment of the criminal history information database. The bill further directs the DOJ to conduct a targeted awareness campaign so that individuals impacted by this process are aware of methods to verify updates to their criminal history. In addition, the bill provides that the Judicial Council and the Department of Justice must submit monthly progress reports to the legislature until June 30, 2024. Lastly, the bill provides that a conviction, arrest, or other proceeding that has been sealed pursuant to these provisions is deemed to have never occurred.

Status: AB 1706 is recommended for consent in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Employment Discrimination

AMENDED, JUNE 30 - [AB 2188](#) (Quirk): Discrimination in employment: use of cannabis.

Sponsored by CalNORML, this bill amends the California Fair Employment and Housing Act to make it unlawful for an employer to discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalize a person, if the discrimination is based upon the person's use of cannabis off the job and away from the workplace or, with prescribed exceptions, upon an employer-required drug screening test that has found the person to have nonpsychoactive cannabis metabolites in their urine, hair, or bodily fluids. As amended, this bill excludes from its provisions pre-employment testing, employees in the building and construction trades, and expressly provides that it does not preempt state or federal laws requiring employees to be tested for controlled substances.

Status: AB 2188 will be heard in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Cannabis Research

INACTIVE/AMENDED, MAY 19 - [AB 2150](#) (Lackey/Cooley): Cannabis research. Upon acceptance by the Regents of the University of California, this bill appropriates \$2 million from the State and Local

Government Law Enforcement Account in the California Cannabis Tax Fund for the University of California Center for Medicinal Cannabis Research (Center) to establish a study examining the effects of cannabis products that are currently in the commercial cannabis stream of commerce and, in consultation with the Department of the California Highway Patrol, evaluating the public safety consequences of cannabis use and improving understanding of the best methods for determining related driving impairments. This bill further requires the Center to report the findings of the study on or before January 1, 2027.

Status/Comments: The contents of this bill were amended into AB 178, the revised 2022 Budget Act, which includes \$2 million for the Center for Medicinal Cannabis Research at the San Diego Campus, in partnership with the California Highway Patrol, to study the impairment effect cannabis products have on driving capabilities and improve public safety methods related to cannabis impairment.

Cannabis Control Appeals Panel

AMENDED, MAY 19 - AB 2925 (Cooper): Cannabis Control Appeals Panel: membership. As amended March 21, this bill adds two additional legislative appointees to the Cannabis Control Appeals Panel (CCAP) and requires the Department of Health Care Services (DHCS) to provide a spending report to the Legislature regarding funds from the Youth Education, Prevention, Early Intervention, and Treatment Account derived from cannabis tax revenue.

Status: AB 2925 is recommended for consent in the Senate Committee on Appropriations on August 1.

CCIA position: Support

Comments: Precision staff notes that the Youth Education, Prevention, Early Intervention, and Treatment Account and how cannabis funds are being allocated took center stage when youth advocacy organizations began lobbying against efforts to reduce the state cannabis taxes earlier this year. Many in industry were unfamiliar with many of the organizations in opposition, which led to questions concerning how the cannabis tax funds are currently being disbursed and whether the recipients of these funds are meeting the intended objectives, as set forth in Prop. 64.

Prop. 63 (Mental Health Services Act funding) has embedded oversight requirements including provisions that outline how funds are disbursed via the different allocation buckets. Conversely, Prop. 64 allocations, as part of the Cannabis Tax Fund, do not include the same level of oversight. Hence, cannabis associations, including CCIA, are supporting this bill and have recommended that the author consider similar reporting requirements from the Department of Fish and Wildlife and the Department of Parks and Recreation regarding expenditures from the Environmental Restoration and Protection Account, as well as from the California Highway Patrol and Board of State and Community Corrections for expenditures from the State and Local Government Law Enforcement Account, also recipients of Prop. 64 cannabis tax funds.