

September 20, 2023

To: Members, California Cannabis Industry Association

From: Amy O’Gorman Jenkins, Legislative Advocate

RE: End-of-Session Wrap-Up

The California Legislature adjourned for the year, wrapping up a nine-month period during which state lawmakers debated and passed hundreds of bills before gaveling down on September 14.

This session was the first for a wave of new legislators and saw changes in top leadership. A new Speaker, Robert Rivas (D-Hollister), took over in the Assembly July 1, and Senate Democrats voted to make Senator Mike McGuire (D-Healdsburg) their new pro Tem next year.

Against this backdrop, the Legislature introduced more bills than it has in over a decade - 3,028 in total - of which just over 1,100 were sent to the governor.

While the governor has already acted on 200 bills, as of this writing, he has until October 14 to act on the approximately 900 bills remaining.

CCIA advocacy efforts continue as we work to assure bills having a beneficial impact on the legal cannabis industry are signed and bills detrimental to the legal industry are vetoed.

EXECUTIVE SUMMARY

Since my last report, five bills were held in the Assembly and Senate appropriations committees and three were made two-year bills, bringing the total number of active cannabis bills down to from 23 to 16.

Notable Setbacks:

- **AB 420 (Aguiar-Curry):** Sponsored by CCIA, this bill aimed at regulating high-potency hemp products and integrating hemp cannabinoids into the cannabis supply chain. Despite the unexpected outcomes, a new bill is slated for introduction next year.
- **AB 1111 (Pellerin):** Sponsored by the Origins Council, this bill would have enabled smaller cannabis cultivators to directly sell their products at state-licensed events.

Key Advances:

Several cannabis-related bills received robust bipartisan support and are now on the governor’s desk. These include:

- **SB 540 (Laird)** requires the Department of Cannabis Control (DCC) to regularly evaluate regulations and determine the need for additional warning labels on cannabis products. This bill is co-sponsored by CCIA.
- **SB 51 (Bradford)** extends provisional licensing programs for cannabis equity retail applicants and licensees.
- **SB 622 (Allen)** eliminates the requirement of single-use plastic tags on cannabis plants.

- **SB 833** (McGuire) establishes a process for all cannabis cultivators to select a smaller license type or place their license in inactive status.
- **AB 1126** (Lackey) authorizes the DCC and California Department of Tax and Fee Administration, as well as peace officers to seize products that unlawfully bear the cannabis universal symbol. and impose civil penalties.
- **AB 1171** (Rubio) gives licensed cannabis businesses the ability to seek judicial relief against illicit operators by giving them standing in superior court.

Outstanding Concern:

Last, but not least, **AB 1207** (Irwin) was narrowly approved by the Senate and now heads to the governor for review. This bill seeks to define items deemed "attractive to children" in relation to cannabis packaging, advertising, and marketing. While its intent is laudable, its expansive definition could potentially label many current cannabis products as attractive to children, thereby deeming their existing promotional materials and packaging illegal. For example, the proposed bill would prohibit the use of any human, animal, vegetable, or fruit imagery, regardless of the context. Many businesses utilize these images in ways that are aimed at adults, not children.

CCIA and our coalition partners continue to strongly oppose this measure and are requesting the governor veto the bill. AB 1207 will only exacerbate existing problems insofar as it will redirect limited enforcement resources away from genuinely dangerous products and players to police meaningless marketing prohibitions.

Additional details about all the bills CCIA tracked this year are provided below. For the most recent updates on bills and legislative actions, please reach out. Your inquiries and concerns are always welcome.

CATERING, ON-SITE CONSUMPTION, & NON-CANNABIS MERCHANDISE

1. **[AB 374](#) (Haney) Cannabis: local control: cannabis consumption.** As amended August 22, 2023, this bill specifies that a local jurisdiction may allow a licensed retailer or microbusiness to allow for the preparation or sale of pre-packaged non-cannabis-infused, nonalcoholic food or beverage products and to allow, and to sell tickets for, live musical or other performances on the premises by a licensed retailer or microbusiness in an area where the consumption of cannabis is allowed. Amendments taken on August 22, clarify that provisions in the bill do not permit the preparation of sale of industrial hemp products. This bill is sponsored by the Cannabis Tourism Association and the United Cannabis Business Association.

Status: Approved by the Legislature and enrolled September 15, 2023.

CCIA position: SUPPORT

CONSUMER EDUCATION, DISCLOSURE, LABELING, & ADVERTISING

LABELING & ADVERTISING

2. **[AB 1207](#) (Irwin) Cannabis: labeling and advertising.** Prior to the bill being amended on April 19, this measure prohibited the manufacture, distribution, and sale of any cannabis or cannabis product deemed attractive to children and defined "attractive to children" to include:
 - a. Cartoons, toys, or robots.
 - b. Humans, animals, or any other real or fictional animated creature.
 - c. Fruits or vegetables.

- d. Any likeness to images, characters, or phrases that are popularly used to advertise to children.
- e. Any imitation of candy packaging or labeling, other packaging and labeling of cereals, sweets, chips, or other food products typically marketed to children.
- f. The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandee.”
- g. Brand names or close imitations of brand names of candies, cereals, sweets, chips, or other food products typically marketed to children.
- h. Any other image or packaging that is easily confused with commercially available foods that do not contain cannabis and are typically marketed to children.

The bill further prohibited the name of any flavor or descriptor of a flavor on a package or label from being larger than eight-point font if it would imply to a reasonable consumer that the edible cannabis product contains any flavoring (artificial, synthetic, or natural) other than the natural flavor or aroma of cannabis; provided that all edibles be packaged in physically separated individual doses per container (in other words, prohibited the manufacture, distribution, and sale of any products, currently on the market, that score or delineate serving sizes); prohibited all edible cannabis hard candies and gummies from including any natural or artificial coloring; and authorized the DCC to adopt emergency regulations to implement these provisions.

AB 1207, as amended April 19, 2023, removed the following:

1. Language requiring that cannabis hard candy or gummies be free of any natural or artificial coloring;
2. A prohibition that would have banned the use of real animals in cannabis labeling and advertising;
3. Language that would have mandated that any reference to flavors in cannabis products be less than eight-point font;
4. Language requiring edible cannabis products to be individually packaged by dose; and
5. Language requiring beverages to not exceed one dose per container.

AB 1207, as amended July 5, 2023, removed language that would have banned the inclusion of natural or synthetic flavors or descriptor of flavors in cannabis vaping products, including, but not limited to, menthol, mint, mango, strawberry, grape, orange, clove, cinnamon, pineapple, vanilla, coconut, licorice, cocoa, chocolate, cherry, coffee, popcorn, and bubblegum.

AB 1207, as amended September 1 and September 8, 2023, the bill as a new section and includes double jointing and contingent amendments to avoid procedural chaptering issues, but do nothing to address outstanding opposition concerns.

As approved by the legislature, AB 1207 continues to prohibit the manufacturing, distribution, and sale of cannabis or cannabis products that are attractive to children and defines "attractive to children" based on several criteria, including the use of images that appeal to children (e.g., cartoons, toys, or robots; any real or fictional human beings; any fictional animals or creatures and; fruits or vegetables, except when used to accurately describe ingredients or flavorings). It further prohibits any likeness to popular advertising targeted at children, imitation of candy packaging or labeling, use of terms like "candy" or variations, brand names resembling children's food products, and any other packaging or image easily confused with non-cannabis products marketed to children.

Status: Passed the legislature and enrolled September 14, 2023.

CONSUMER EDUCATION

3. **SB 540 (Laird) Cannabis and cannabis products: health warnings.** Sponsored by CCIA, the California Cannabis Manufacturers Association (CCMA), and Cannabis Distribution Association (CDA), this bill, as amended June 28, 2023, requires the DCC to regularly reevaluate its regulations to determine whether additional warning labels are necessary to reflect evolving science regarding the risks of cannabis use, and requires the DCC to consult with the California Department of Public Health (CDPH) to create a brochure that includes steps for safer use of cannabis. Specifically, SB 540:
 - a. Requires the DCC to review its existing labeling regulations by July 1, 2025, to determine if additional warnings are necessary based on evolving scientific knowledge about the risks of cannabis use. Requires the DCC to adopt regulations for cannabis and cannabis product labels or inserts reflecting this evolving science. Provides that the DCC must reevaluate its regulations again by January 1, 2030, and subsequently every five years to determine if the existing requirements in the regulations align with the current state of scientific knowledge on cannabis health effects and effective communication of health warnings.
 - b. Authorizes the DCC to utilize research funded through the Cannabis Tax Fund to evaluate labeling and packaging. Authorizes the DCC to commission new research to assess the effectiveness of warning label requirements and identify best practices for future cannabis health warning labels that are most effective in changing knowledge and intent to consume or consumption.
 - c. Provides that for cannabis or cannabis products manufactured before July 1, 2025, products may continue to be sold until July 1, 2026, without meeting the new labeling requirements imposed by the DCC. Provides that following implementation of any new labeling regulations by the DCC, cannabis or cannabis products may still be sold for up to 12 months, if they comply with the regulations that were in effect prior to the enactment of the new regulations and if there is no imminent health and safety risk.
 - d. Requires the DCC to consult with the CDPH by January 1, 2025, to develop and publish an informational brochure about safer use of cannabis and address topics such as the effects of cannabis use, risks associated with high potency cannabis products, the impact of THC on mental health, and the risks of cannabis use by minors, pregnant individuals, and breastfeeding individuals.
 - e. Provides that the brochure must be printed in a type size no smaller than 12 points, and the responsibility for printing and distribution lies with the licensee.
 - f. Requires the DCC to update the information on the brochure every five years, starting from January 1, 2030, to ensure it accurately reflects the current state of scientific knowledge on cannabis health effects and safer use.
 - g. Provides that beginning March 1, 2025, retailers, microbusinesses, and individuals delivering cannabis goods to consumers must prominently display the brochure, including printed copies, at the point of sale or final delivery. For online purchases, the brochure must be displayed online, and each new consumer must be offered a copy of the brochure at the time of their first purchase or delivery.

Status: Unanimously approved by the legislature and enrolled September 13, 2023.

CCIA position: SPONSOR

Comments: This bill was introduced to proactively address prior legislation introduced in 2022 that would have imposed excessive and costly new labeling requirements on cannabis products. [SB 1097](#), authored by Senator Richard Pan (D-Sacramento), would have required the inclusion of new unsubstantiated claims on cannabis products and in educational materials. While SB 1097 was ultimately tabled by the California Legislature in August, we anticipated a similar bill would be introduced in 2023, which occurred with the introduction of AB 1207 (Irwin).

Unlike the blanket prohibition of AB 1207, we believe SB 540 is a more balanced solution. It equips the Department of Cannabis Control with the authority to make educated decisions about packaging and labeling, providing guidance on correct use and potential risks for minors.

CONSUMER & PATIENT ACCESS

4. [SB 302](#) (Stern) **Compassionate Access to Medical Cannabis Act or Ryan’s Law.** Current law requires specified types of healthcare facilities to allow a terminally ill patient’s use of medicinal cannabis within the health care facility, subject to certain restrictions. As amended September 7, 2023, this bill expands existing law requiring health facilities to permit terminally ill patients to have access to medical cannabis to also require health facilities to permit patients who are over 65 years of age and have a chronic disease, to have access to medical cannabis. Prohibits home health agencies from withholding care to individuals utilizing cannabis for medical purposes. Defines a chronic disease to mean a condition that lasts one or more years and requires ongoing medical attention or limits the activities of daily living, or both. Prohibits the smoking or vaping of cannabis in a home immediately before or while home health agency staff are present in the residence.

Status: Approved by the legislature and enrolled September 14, 2023.

CCIA position: SUPPORT

CULTIVATION

5. [SB 622](#) (Allen) **Cannabis regulation: plant identification program.** Co-sponsored by CannaCraft and March & Ash, this bill, as amended June 15, 2023, removes the mandatory requirement that a plastic plant tag be affixed to the base of each cannabis plant, as currently required by the state’s track and trace program and instead authorizes the unique identifier to be recorded in a manner determined by the DCC by regulation.

Status: Unanimously approved by the legislature and enrolled September 11, 2023.

CCIA position: SUPPORT

6. [SB 833](#) (McGuire) **Cannabis licensing: cultivation licenses: changing license type: inactive status.** As amended June 22, 2023, this bill requires the DCC, no later than March 1, 2024, to begin allowing cultivators to select a smaller license type or place their license in inactive status. Specifically, SB 833, makes the following changes:

- a. License Type Modifications: Provides that licensees may change their existing cultivation license to a smaller license type during renewal; choose to restore their original cultivation license type during subsequent renewals; and maintain the smaller license type they selected or switch to a different license type with a maximum canopy size smaller than

their original license type.

- b. Provisional License Holders: Provides that provisional license holders have the option to continue pursuing annual licensure for their original cultivation license type or for a smaller license type they select.
- c. Exclusions and Clarifications: Does not require the DCC to allow changes to nursery licenses or the classification of cultivation licenses as indoor, outdoor, or mixed light.
- d. Inactive License Status: Provides that licensees may place their cultivation license in inactive status during renewal. Inactive license holders are prohibited from engaging in cannabis cultivation but may perform activities such as drying, curing, grading, trimming, packaging, and selling cannabis harvested before the license became inactive. Inactive license holders may possess and maintain seeds and immature plants for genetic preservation. Provides that an inactive license remains inactive until the next renewal, where licensees can choose to activate or maintain inactive status. Subjects licensees with an inactive license to a reduced license fee, as determined by the DCC. Provides that inactive license holders must still comply with all applicable laws and regulations and continue pursuing requirements for annual licensure if they hold a provisional license and remain eligible for state programs available to cultivation licensees, including grant programs.
- e. Change of License Renewal Date: Provides that licensees have a one-time opportunity to change the date of their license renewal.
- f. Emergency Regulations: Authorizes the DCC to adopt emergency regulations to implement the provisions of the bill.

Status: Approved by the legislature with no opposition and enrolled September 15, 2023.

CCIA position: SUPPORT

EMPLOYMENT DISCRIMINATION / WORKER PROTECTIONS

7. **SB 700 (Bradford) Employment discrimination: cannabis use**. As amended September 1, 2023, this bill makes it unlawful for an employer to request information from an applicant for employment relating to the applicant's prior use of cannabis. Excludes from the bill's provisions applicants or employees hired for positions that require a federal government background investigation or security clearance in accordance with regulations issued by the United States Department of Defense or equivalent regulations applicable to other agencies. Also excludes from the provisions of this bill other states where such information is authorized to be obtained.

Status: Approved by the legislature and enrolled on September 14, 2023

CCIA position: SUPPORT

Comments: This bill seeks to clarify statute, following the enactment of [AB 2188](#) (Quirk) that made it unlawful for an employer to discriminate against a person in hiring or termination because of the person's use of cannabis off the job and away from the workplace.

ENFORCEMENT

8. **AB 993 (B. Rubio) Cannabis Task Force**. This bill expands the state/local task force on regulation and enforcement of commercial cannabis activity, established in [AB 195](#) (Assembly

Budget Committee) to include representatives from the Civil Rights Department and the Department of Industrial Relations.

Status: Approved by the legislature and enrolled on September 12, 2023.

CCIA position: None

Comments: Among its provisions, AB 195 established a task force on state and local entity regulation of commercial cannabis activity to promote communication between state and local entities engaged in the regulation of commercial cannabis activity and facilitate cooperation to enforce applicable state and local laws. The bill requires the task force to meet beginning July 1, 2023, and twice each fiscal year thereafter, until January 1, 2025. The bill further requires the task force members to include representatives from the DCC, California Department of Tax and Fee Administration, State Water Resources Control Board, Department of Fish & Wildlife (DFW), Department of Highway Patrol, Labor & Workforce Development Agency, Department of Justice, and a designee from each local jurisdiction that opts to participate.

9. **[AB 1126 \(Lackey\) Cannabis: citation and fine.](#)** Sponsored by Kiva Brands, Inc. and CCMA, this bill was substantially amended on August 21, 2023, to extend the authority of the DCC, the CDFTA, as well as peace officers to seize illegal products which bear the universal symbol for cannabis. Additionally, this bill expands the locations where these unlawful products can be seized and extended the DCC existing authority to issue administrative fines and penalties not to exceed \$5,000 per violation by a licensee and \$30,000 per violation to unlicensed persons that use the cannabis universal symbol.

Status: Approved by the legislature and enrolled on September 14, 2023.

CCIA position: SUPPORT

10. **[AB 1171 \(B. Rubio\) Unlicensed cannabis businesses and operators.](#)** Sponsored by the San Diego/Imperial Counties Joint Labor Management Cannabis Committee, this bill, as amended July 5, 2023, authorizes licensed cannabis businesses to file civil actions in superior court against unlicensed operations, when the licensee can demonstrate actual harm resulting from the unlicensed commercial activity. Provides that a cannabis licensee that prevails in an action is eligible to receive actual damages caused by the unlicensed cannabis activity or statutory damages in the amount of \$75,000, as well as reasonable attorneys fees and costs.

Status: Approved by the legislature and enrolled on September 12, 2023.

CCIA position: SUPPORT

11. **[AB 1448 \(Wallis\) Cannabis: enforcement of local laws.](#)** As amended August 14, 2023, this bill authorizes local governments to assess an administrative penalty for illicit cannabis activity. Amends existing law to allow a 50/50 state-local split of the statutory penalties recovered in actions brought by local jurisdictions, as originally enacted by the Legislature in the Medical Cannabis Regulation and Safety Act.

Status: Approved by the legislature and enrolled on September 13, 2023.

CCIA position: SUPPORT

12. **[AB 1684 \(Maienschein\) Local ordinances: fines and penalties: cannabis.](#)** Sponsored by Attorney General Rob Bonta, this bill, expands the authorization for a local ordinance providing for the immediate imposition of administrative fines or penalties to include all unlicensed

commercial cannabis activity, including cultivation, manufacturing, processing, distribution, or retail sale, and would authorize the ordinance to declare unlicensed commercial cannabis activity a public nuisance, provided that certain conditions are met. Provides that the administrative fines or penalties shall not exceed \$1,000 per violation and \$10,000 per day. This limitation does not apply to fines or penalties that are imposed after notice and a reasonable time to correct the violation. Authorizes a local agency that passes an ordinance consistent with this bill may refer cases involving unlicensed commercial cannabis activity to the Attorney General to undertake civil enforcement action.

Status: Approved by the legislature and enrolled on September 14, 2023.

CCIA position: SUPPORT

13. **[SB 753](#) (Caballero) Cannabis: water resources.** As amended June 29, 2023, this bill provides that a person 18 years of age or older that engages in the planting, cultivating, harvesting, drying, or processing of cannabis that results in substantial environmental harm to surface or groundwater may be charged with a felony.

Status: Approved by the legislature and enrolled on September 13, 2023.

CCIA position: SUPPORT

Comments: SB 753 was substantially amended in the Assembly Public Safety Committee, which removed a provision in the bill that made it a crime for a person 18 years of age or older to plant, cultivate, harvest, dry, or processes more than 50 living cannabis plants punishable by imprisonment in a county jail for up to 6 months or by a fine not to exceed \$500, or both, or be charged with a felony, under specified conditions, including the extraction or use of groundwater from an unpermitted well or from a permitted well in excess of a restriction.

14. **SIGNED - [SB 756](#) (Laird) Water: unlicensed cannabis cultivation site: procedure.** As amended May 15, 2023, this bill provides explicit authority to the State Water Resources Control Board and regional water boards to obtain an inspection warrant and participate in an inspection of an unlicensed cannabis cultivation site conducted pursuant to a warrant duly issued pursuant to the Penal Code, as provided, and expands SWRCB and the regional boards' ability to serve various types of legal documents and provide notice.

Status: Signed by the governor on September 1, 2023.

CCIA position: No position

PACKAGING

15. **[AB 623](#) (Chen) Cannabis: THC testing variances.** As amended March 16, 2023, this bill, which is sponsored by the Cannabis Beverage Association, requires the DCC to establish regulations to adjust testing variances for edible cannabis products that contain less than 5 milligrams of total THC.

Status: Passed the legislature. Enrolled and presented to the governor on September 13, 2023.

CCIA position: No position

SOCIAL EQUITY

16. **[SB 51](#) (Bradford) Cannabis provisional licenses: local equity applicants.** A CCIA strategic priority, this bill authorizes the DCC, in its sole discretion, to issue a provisional license for a

local equity applicant for retailer activities if the applicant meets specified requirements. The bill further authorizes the DCC, in its sole discretion, to renew a provisional license until it issues or denies the provisional licensee’s annual license, subject to specified requirements, or until 5 years from the date the provisional license was issued, whichever is earlier.

Amendments negotiated with the Assembly Business & Professions Committee chairman and accepted by the author on July 12, 2023, imposed a sunset date for the provisional license program of January 1, 2031 (7 years). The amendments also require the DCC to prepare a report on January 1, 2030, on the number of provisional licenses that have been granted, the number of licenses that have been canceled, and the reason for the cancellation, with the intent to assess whether additional extensions should be granted beyond 2031. More recent amendments on September 8, 2023, removed the urgency clause, meaning that if the bill is enacted it will take effect on January 1, 2024.

Status: Approved by the legislature and ordered to engrossing and enrolling on September 13, 2023.

CCIA position: SUPPORT

Comments: The amendments negotiated by the author represent a significant improvement to amendments presented to the author by the Administration in June. Administration-proposed amendments did the following:

- Sunset the provisional license program on January 1, 2028.
- Extended the issuance of new provisional licenses until January 1, 2025.
- Permitted provisional licenses issued on/before January 1, 2025, to only be renewed until January 1, 2027.
- Required a local jurisdiction with a cannabis equity program to establish a written plan providing for the timely transition of a provisional license to an annual license.
- Provided that a local jurisdiction could not have more than 20 percent of the license issued by them as provisional license.
- Required any person holding a cannabis cultivation license for activity that should be covered under a “Type 5” cultivation license to obtain a Type 5 cultivation license by January 1, 2025.

While the above-described amendments were ultimately rejected, it is incumbent that the author and bill proponents, including CCIA, continue make their case in support SB 51, as approved by the legislature to the governor.

TWO YEAR BILLS

CATERING, ON-SITE CONSUMPTION & SALE OF NON-CANNABIS MERCHANDISE

17. **[SB 285](#) (Allen) Cannabis: retail preparation, sale, and consumption of non-cannabis food and beverage products.** As amended April 11, 2023, permits the preparation or sale of non-cannabis food or beverage products in compliance with all applicable provisions of the retail food code by a licensed cannabis retailer or microbusiness in the area where the consumption of cannabis is allowed. Specifies that the activities must be granted by a local jurisdiction and are only authorized if access to the area where cannabis consumption is allowed is restricted to persons 21 years of age or older, if cannabis consumption is not visible from any public place or

nonage-restricted area, and if the sale or consumption of alcohol or tobacco is not allowed on the premises. Authorizes a local jurisdiction to allow for the sale of prepackaged, non-cannabis-infused, nonalcoholic food and beverages by a licensed retailer.

Status: Passed the Senate. More recently passed the Assembly Business & Professions Committee and was then referred to the Assembly Governmental Organization Committee, which appears to have not heard the bill before the July 15 policy committee hearing deadline.

CCIA position: SUPPORT

CEQA

18. **[AB 1719 \(Bonta\) Cannabis: licenses: California Environmental Quality Act.](#)** Co-sponsored by CCIA and the Rural County Representatives of California, this bill, as amended March 16, 2023, streamlines the local permitting process for cannabis businesses by providing a narrow California Environmental Quality Act (CEQA) exemption for cannabis retail, manufacturing, distribution, and testing laboratories located within developed commercial or industrial zones where these activities are a principally permitted use. Specifically, the exemption would only apply to the following:
- a. Zones where commercial or industrial are a principally permitted use;
 - b. Commercial cannabis activity conducted within an existing structure; and
 - c. Cannabis activity that meets local permitting requirements.

Status: Two-year bill

CCIA position: Co-Sponsor

Comments: Co-sponsored with the Rural County Representatives of California (RCRC) this bill became a two-year bill after the Assembly Natural Resources Committee refused to set the bill for hearing. The Committee's justification was that the bill is unnecessary following the passage of [AB 141](#) (Assembly Budget Committee, 2021) and [SB 160](#) (Senate Budget & Fiscal Review Committee, 2021), which extended the cannabis provisional license program for a third time so the state and local governments could continue to evaluate applications for licensure, which is often hindered by the rigorous CEQA review requirements at both the local and state level.

Despite the provisional license extension, licensees continue to experience significant challenges transitioning from a provisional to an annual license. According to data provided by the DCC at an informational hearing of the Senate Business, Professions, & Economic Development Committee on March 13, 2023, 11,250 businesses have a provisional license and only 6,425 possess an annual license.

CCIA, in coalition with RCRC and other local government associations, is exploring possible next steps.

19. **[SB 508 \(Laird\) Cannabis: licenses: California Environmental Quality Act.](#)** As amended May 9, 2023, this bill streamlines the review and approval process to receive a cannabis license if specified conditions are met. Specifically, this bill provides that the DCC is not required to serve as a responsible agency under CEQA for projects if all the following criteria are met:
- a. A local jurisdiction, acting as lead agency under CEQA, has filed either of the following with the Office of Planning and Research upon a decision to carry out or approve a commercial cannabis activity for which the applicant is seeking a license from the DCC:

- i. A notice of determination for commercial cannabis activity, following the adoption of a mitigated negative declaration;
 - ii. A notice of determination for the commercial cannabis activity, following certification of an environmental impact report;
 - iii. A notice of exemption for a retail commercial cannabis project.
- b. The commercial cannabis activity for which the applicant is seeking a license from the DCC conforms to the scope of the commercial cannabis activity analyzed by the local jurisdiction under CEQA, as specified.

Status: Was made a TWO-YEAR bill by the Assembly Appropriations Committee.

CCIA position: SUPPORT

Comments: Last year, the Senator introduced a similar bill, [SB 1148](#).

CONSUMER EDUCATION / DISCLOSURE / LABELING & ADVERTISING

20. **[AB 794 \(Flora\) Cannabis: advertising and marketing restrictions.](#)** This bill requires all cannabis advertisements and marketing to include the licensee’s name in addition to the licensee number and prohibits a technology platform or an outdoor advertising company from displaying an advertisement unless the advertisement displays that licensee’s name and license number.

Status: Referred to the Assembly Business & Professions Committee. May be acted upon in January 2024.

CCIA Position: Pending

21. **[AB 1619 \(Dixon\) Pharmacists: drug disclosures: cannabis or cannabidiol interactions.](#)** This bill requires a pharmacy or healing arts licensee that dispenses a prescription drug to a patient for outpatient use that has major or moderate interactions with cannabis or cannabidiol products to display on the label or container adequate warning of those interactions.

Status: Referred to the Assembly Business & Professions Committee. May be acted upon in January 2024.

CREDIT LAW PROTECTIONS

22. **[AB 766 \(Ting\) Cannabis.](#)** Co-sponsored by CCIA, CCMA, and CDA, this bill, as amended April 12, 2023, addresses the debt crisis in the licensed cannabis industry by establishing clear terms of sale across the supply chain and by establishing regulatory oversight of sales on credit payment. Specifically, this bill:

- Requires a licensee to pay for goods and services sold or transferred with a total value of at least \$5,000 by another licensee no later than 15 days following the final date set for invoice or invoices.
- Requires a licensee who sold or transferred goods to another licensee and who has not received payment in full 15 days after the final date set forth in the invoice to report the unpaid invoice to the DCC.
- Requires the DCC to notify a licensee of this report, issue a notice of warning, or, at its discretion, issue a citation or commence a disciplinary action against the licensee if the

licensee fails to pay the outstanding invoice in full by 30 days after this notification, as specified.

- For multiple failures to comply, authorizes the DCC to commence a disciplinary action.
- Prohibits the offending licensee from purchasing goods and services from another licensee on credit until the licensee pays the outstanding invoice in full.
- Prohibits the final date set forth in an invoice for payment from being later than 30 calendar days from the date the goods or services are sold or transferred.
- Specifies that the provisions in the bill do not apply to an invoice for a sale or transfer made before January 1, 2024.

Status: Passed the Assembly Business & Professions Committee with no opposition. Made a two-year bill in the Assembly Appropriations Committee. May be acted upon in January 2024.

CCIA position: Co-Sponsor

Comments: As detailed in a Green Market report [article](#), this bill is intended to address a growing trend of licensed cannabis businesses offering credit terms to compensate for a lack of normal banking and financing options.

EMPLOYEE DISCRIMINATION / WORKER PROTECTIONS

23. **[AB 1424](#) (Jones-Sawyer) Occupational safety and health: cannabis delivery employee.** This bill prohibits a cannabis delivery employee from being laid off, discharged, or subject to an adverse employment action for refusing to perform work in violation of prescribed safety standards or work that would create a real and apparent hazard to the employee or fellow employees. Creates a cause of action for wages for the time an employee is without work because of a violation. Authorizes an employee who believes they have been discharged or otherwise discriminated against in violation to file a complaint with the Labor Commissioner.

Status: Referred to the Assembly Committee on Labor and Employment.

ENFORCEMENT

24. **[AB 1601](#) (Alvarez) Cannabis: enforcement by local jurisdictions.** As amended April 18, 2023, this bill provides that grounds for disciplinary actions under MAUCRSA against a licensee includes concealment of illegal business activities, including tax evasion and money laundering, by a licensee, or by an officer, director, owner, or authorized agent acting on behalf of the licensee. Authorizes a local jurisdiction to take disciplinary action against a licensee for said illegal business activities by the licensee and provides that the prosecuting agency may recoup costs plus 50% of the penalties incurred. The remaining 50% would be deposited into the State General Fund, as currently provided in existing law. This bill is sponsored by the San Diego/Imperial Counties Joint Labor Management Cannabis Committee.

Status: Two-year bill

25. **[AB 1616](#) (Lackey) California Cannabis Tax Fund: Board of State and Community Corrections grants.** Sponsored by the CCIA, this bill amends the Board of State and Community Corrections (BSCC) [Prop 64 Public Health and Safety Grant Program](#) to expand the eligibility criteria so that all of California's 482 cities and 58 counties may apply for grant funding. The bill

further directs the BSCC to prioritize the allocation of BSCC grants to programs addressing unlawful retail and cultivation activities.

Status: Two-year bill. AB 1616 passed through the Assembly without any opposition or NO votes. The bill was then double referred to the Senate committees on Business, Professions, & Economic Development and Public Safety, where it passed the first committee, but was pulled from consideration at the request of CCIA before it was presented in Senate Public Safety, amid late opposition from the American Civil Liberties Union (ACLU) and several other similar organizations.

CCIA position: Sponsor

Comments: Much to the dismay of the author and CCIA staff, the opponents of AB 1616 argued that Prop 64 intended to direct funds toward afterschool programs, job placement, mental health treatment, drug prevention education for teens, alcohol and drug addiction treatment, and law enforcement training and research for impaired driving and that AB 1616 would, instead, redirect funding to local enforcement. CCIA countered with a detailed rebuttal letter arguing that AB 1616 does not propose to divert any money away from those programs, calling the ACLU's arguments misinformed.

In the letter, CCIA staff noted that Prop 64 allocates tax revenue into three buckets. The first bucket funds the administration of the state's legal cannabis program (\$180M), the second provides funding for various programs, including impaired driving initiatives, as required by Prop 64, and is untouched by AB 1616 (\$25M). The third bucket allocates funds for education, prevention, and treatment of youth substance use disorders and school retention (\$340M); clean-up, remediation, and enforcement of environmental impacts caused by illegal cannabis cultivation (\$113.5M); and public safety-related activities, including the BSCC grant program (\$113.5M).

AB 1616 intends to make minor modifications to the public safety-related bucket only by directing the BSCC to prioritize grant awards for programs addressing illicit cannabis cultivation and retail. This slight modification aligns with the goal of curbing the illicit market, which CCIA estimates robs the state of billions in tax revenues annually, undermines public health and safety, and affects all licensed operators statewide.

It should also be noted, that in the third round of [Proposition 64 Public Health and Safety Grant](#) funding awarded by the BSCC, roughly 37% of the funds partially address illicit activity, and merely 5% of programs dedicate all grant funding to tackle this issue. Additionally, some cities even allocate grant funds for purposes completely unrelated to the intended focus, such as funding skate park improvements.

Nonetheless, despite CCIA's and the author's best efforts to address opposition concerns, there was too much confusion, too late in the process to be assured that the bill would pass the Senate Public Safety Committee, so the bill was made a two-year bill to allow further time to educate and inform lawmakers.

ENVIRONMENTAL PROTECTION / WATER

26. **[AB 1272 \(Wood\) State Water Resources Control Board: drought planning.](#)** The bill, as amended June 26, 2023, requires the State Water Resources Control Board to establish a program, in consultation with the DFW, to adopt principles and guidelines for the diversion and use of water in coastal watersheds during times of water shortage for drought preparedness and climate resiliency. Requires that the principles and guidelines provide for the development of watershed-

level plans to support public trust uses, public health and safety, and the human right to water in times of water shortage, among other things. Requires the state board, prior to adopting those principles and guidelines, to provide for a public comment process and hearing.

Further authorizes the state board to issue a cease-and-desist order when diversion or use of water violates or threatens to violate an applicable limitation or requirement adopted by the state board for the diversion and use of water in specified coastal watersheds during times of water shortage. Imposes penalties for violations in an amount not to exceed \$500 for each day that the violation occurs.

Applies to any diversion or use of water for unlicensed cannabis cultivation, or if the diversion is out of compliance with an applicable limitation or requirement established by the water board or the DFW under [Section 13149](#) of the Water Code, or if the person is out of compliance with requirements set forth in [Section 26060.1](#) of the Business and Professions Code pertaining to licensed cultivation sites.

Status: Two-year bill

CCIA position: No position

27. **[AB 1567](#) (Garcia) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2023.** As amended May 26, 2023, this bill enacts the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2023, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$16 billion to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs. Among the funding allocations, the language sets aside \$50 million, which, upon appropriation by the Legislature, would support programs administered by the DFW to improve the climate resilience of fish and wildlife habitat, including projects for the cleanup, remediation, and restoration of environmental damage in watersheds affected by illegal cannabis cultivation and related activities.

Status: Two-year bill.

Comments: All bond measures except for one - a behavioral health housing bond championed by the governor - were tabled this year at the request of the governor to avoid competition on the March ballot. This likely means negotiations over bonds for the November 2024 ballot will continue next year.

CCIA position: No position

INSURANCE / RISK MANAGEMENT

28. **[AB 741](#) (Jones-Sawyer) The California FAIR Plan Association: cannabis.** This bill prohibits the California FAIR Plan Association from refusing to issue, canceling, or refusing to renew coverage because the applicant or policyholder possesses or has previously possessed a legal amount of cannabis, concentrated cannabis, or living cannabis plants, or the applicant or policyholder is or has been a commercial cannabis licensee.

Status: Two-year bill

TESTING

29. **AB 1610 (Jones-Sawyer) Cannabis: Department of Cannabis Control.** Sponsored by SC Labs, this bill, as amended March 23, 2023, seeks to address the illegal over-reporting of potency for price markups. Specifically, the bill, as proposed to be amended does the following:

- Requires the DCC to maintain on its website a record of recall orders, including the date, location, licensee name and license number, and whether the recall was voluntary or mandatory. Recent amendments to the bill specify that recall orders should also include recalls in preceding years.
- Directs the DCC, on or before January 1, 2025, to establish a blind proficiency test method to be utilized by all testing laboratories to ensure consistency of results across laboratories.
- Provides that, on or before January 1, 2025, all testing laboratories will be subject to annual audits by the DCC.
- Requires the DCC, on or before January 1, 2025, to establish quality assurance standards and testing procedures for products available for retail sale to ensure consistency with pre-sale laboratory testing results.

Status: Passed the Assembly but was pulled from consideration at the request of the author to allow additional time to address concerns raised by the California Cannabis Manufacturers Association.

CCIA position: SUPPORT

DEAD

DIRECT TO CONSUMER

30. **AB 1111 (Pellerin) Cannabis: small producer event sales license.** As amended May 22, 2023, this bill establishes a small producer event sales license for licensed small scale cannabis cultivators in California. Specifically, the bill utilizes the existing state framework for cannabis events established under AB 2020. Limits license issuance to cultivators growing no more than one acre of cannabis under outdoor cultivation licenses, 22,000 square feet of cannabis under mixed-light tier 1 cultivation licenses, and 5,000 square feet of cannabis under mixed-light tier 2 and indoor cultivation licenses, as well as cultivators who are designated as equity licensees. Requires licensees to only sell cannabis products cultivated by their own operation and transport their products to the event venue through a licensed distributor. Requires a cannabis event organizer licensee who applies for a state temporary event to provide to the DCC a list of all small producer event sales licensees providing onsite sales of cannabis or cannabis products at the event. Authorizes the DCC to take disciplinary action against a small producer event sales license, or any other licenses held by a small producer cannabis event sales licensee, for any violation of the requirements applicable to state temporary events, as prescribed under AB 2020. This bill is sponsored by the Origins Council.

Status: Passed the Assembly. More recently, AB 1111 passed the Senate Business, Professions, & Economic Development Committee. The bill was held under submission in the Senate Appropriations Committee.

CCIA position: SUPPORT

ENFORCEMENT

31. **[SB 820](#) (Alvarado-Gil) Cannabis: enforcement: seizure of property.** As amended May 1, 2023, this bill, with some exceptions, authorizes the DCC or any local jurisdiction, after obtaining an inspection warrant, to seize specified property where unlicensed commercial cannabis activity is conducted, and any vehicles, valued at more than \$5,000, used to conceal or transport cannabis products for a person engaging in that conduct. Specified property is defined as cannabis or cannabis products; processing equipment for trimming, drying, curing, sorting, weighing, or packaging cannabis or cannabis products; implements of husbandry; packaging materials; hoop houses; irrigation and water equipment; generators; lighting equipment; heating, air, and ventilation equipment; packaged soil and nutrients; pesticides; grading equipment; manufacturing machinery and equipment; security systems and equipment; firearms; fencing; firearms; shelving and storage equipment; tools; raised beds and planting pots; computers and computer accessories related to the unlicensed commercial cannabis activity; and currency, negotiable instruments, or securities in excess of forty thousand dollars (\$40,000).

Excludes from the bill's provisions unlicensed commercial cannabis activity that is limited to harvesting, drying, or processing fewer than 1,000 living cannabis plants and real property.

Establishes related notice requirements and provides for forfeiture proceedings. Provides that upon a judgment in favor of the forfeiture, the seized property shall be sold at a public auction by the DCC or local jurisdiction. Provides that proceeds shall be split so that 15 percent of the funds shall be paid to the local jurisdiction and 85 percent to the Cannabis Control Fund. Provides that all funds paid to the state shall be used exclusively to carry out provisions of the California Cannabis Equity Act, upon appropriations by the Legislature. This bill is sponsored by the Rural County Representatives of California.

Status: Held under submission in the Assembly Appropriations Committee.

CCIA position: No position

HEMP/INTOXICATING HEMP

32. **[AB 420](#) (Aguiar-Curry) Cannabis: industrial hemp.** Sponsored by CCIA, this bill is intended to provide a path to integrate hemp into the cannabis supply chain, including authorization to sell hemp products in licensed cannabis dispensaries; and address enforcement and implementation challenges identified following enactment of [AB 45](#) (Aguiar-Curry, 2021).

AB 420 was amended on June 19, to bolster enforcement provisions approved in AB 45, which established a regulatory framework to allow hemp cannabinoids to be legally manufactured and sold in food, beverages, cosmetics, and dietary supplements across the state. Amendments were made to the Health and Safety Code, as follows:

- Provide a clear definition for "chemically synthesized cannabinoids" to remove any ambiguity concerning what constitutes industrial hemp and industrial hemp products. Specifically, the language removes from the definition of "industrial hemp" any cannabinoid created by changing the molecular structure of any substance derived from the plant. The intent is to capture all THC that is not naturally occurring in the plant *Cannabis sativa L*, while continuing to permit the inclusion of any naturally occurring cannabinoids.
- Modify the definition of total THC so that it would include the sum of all THC or THC comparable compounds.

- Clarify that no industrial hemp products can be manufactured in the state unless the manufacturer conforms with all the laws and regulations applicable to manufactured hemp products.
- Clarify that final form industrial hemp extract may not exceed a THC or comparable cannabinoid concentration of 0.3 percent.
- Clarify that the manufacture, distribution, and sale of industrial hemp products that contain cannabinoids not present in commercially meaningful quantities is prohibited, unless approved by CDPH.
- Clarify that both in-state and out of state hemp manufacturers must register with CDPH.
- Remove the safe harbor language permitting hemp manufactures to continue to operate in good faith while regulations are being promulgated.

Status: AB 420 was held under submission by the Senate Appropriations Committee and is dead for the year.

CCIA position: SPONSOR

Comments: The clean-up provisions, as described above, attempted to address findings in an October 2022 report issued by CCIA detailing the dangers associated with the growing number of increasingly intoxicating products currently being sold as hemp and calling for urgent action by the state and federal governments.

The white paper, entitled [“Pandora’s Box: The Dangers of a National, Unregulated, Hemp-Derived Intoxicating Cannabinoid Market.”](#) details how cannabinoid compounds derived from hemp, which include the well-known delta-8 THC and other more potent THC-like substances – are being sold by hemp manufacturers exploiting flaws in the 2018 Farm Bill. These synthetic and derivative cannabinoids are often many times stronger than traditional delta-9 THC.

Proposed CDPH/DCC amendments: The CDPH prepared substantial amendments that would have been incorporated into the bill had it been approved by the Senate Appropriations Committee. Amendments sought stronger protections against the manufacture and sale of intoxicating hemp products, as follows:

- **Serving Sizes.** Further outlines how the CDPH can regulate hemp-derived food and beverage products, emphasizing serving size, packaging, and stability. Provides that food and beverages derived from industrial hemp must be prepackaged and shelf stable; and have serving sizes based on customary consumption amounts for that specific food or beverage. Provides that if the hemp product is a dietary supplement in pill, tablet, or capsule form, one unit is considered a single serving.
- **Industrial Hemp Enrollment & Oversight Authorization.** Provides that any violations of the provisions in law pertaining to industrial hemp products constitutes grounds for the CDPH to deny, suspend, or revoke an industrial hemp enrollment and oversight authorization.
- **Retail Enforcement: Industrial Hemp Product Seizure & Embargo.** Provides that specified state employees and peace office can seize/embargo hemp products under certain conditions like recalls, investigations, or potential violations.

- **Procedures Following Seizure/Embargo.** Establishes post seizure and embargo protocols. For instance, amendments specify that certain state employees and peace offices can request product destruction, initiate legal proceedings, or release the product if it's found compliant.
- **Civil Penalties for Violations.** Specifies violations and penalties of up to \$2,500 per violation, considering various factors like gravity, intent, and profit from the violation.
- **Criminal Penalties. Provides that certain** violations can result in misdemeanor charges, a fine up to \$1,000, or imprisonment up to one year.
- **Local Jurisdiction Authority. Authorizes** local jurisdictions to adopt stricter regulations on the sale of industrial hemp products.

Integration amendments: CCIA had prepared additional integration amendments to provide statutory guidance on how to lawfully integrate hemp into the cannabis supply chain will be taken prior to the bill being heard in the Senate Appropriations Committee. Amendments, which were drafted by legislative counsel, sought to achieve the following:

- Clarifies that a cannabis licensee in possession of a cultivation, manufacturer, distribution, or micro-business license may obtain hemp and hemp products from a person authorized under AB 45.
- Provides that hemp or hemp extract purchased by a licensee must be tracked in the state's track and trace system as a separate batch throughout the manufacturing process.
- Provides that any licensee manufacturing, distributing, or selling products that contain industrial hemp must record all transactions and relevant data, as prescribed by the DCC, in the state track and trace system.
- Clarifies that hemp or hemp products received by a cannabis licensee under the MAUCRSA, are deemed cannabis and must comply with all requirements for cannabis, including applicable testing and quality control regulations.
- Provides that licensees must retain a copy of all relevant records, including invoices, shipping manifests, and transport documents, that evidence the quantity purchased and date received.
- Authorizes the DCC to outline a process by which licensees under this division, who also hold a license for hemp, may use a singular licensed premises for both licensed activities.

The author, Assemblymember Aguiar-Curry, and the CCIA plan to reintroduce AB 420, emphasizing its significance in regulating the hemp industry and safeguarding public health.

LICENSING

33. **[AB 351 \(Chen\) Cannabis: license transfers.](#)** Sponsored by Kiva Brands, Inc., this bill, as amended March 23, 2023, authorizes the DCC to transfer, assign, or reassign licenses for commercial cannabis activity.

Status: Held under submission in the Assembly Appropriations Committee.

CCIA position: SUPPORT

34. **[AB 471](#) (Kalra) Cannabis: catering.** Sponsored by the United Cannabis Business Association (UCBA), this bill, establishes a cannabis caterer license, authorizing the licensee to serve cannabis or cannabis products to attendees aged 21 years or older, at a private event approved by a local jurisdiction for the purpose of allowing event attendees to consume the cannabis or cannabis products. Under the bill, consumption of alcohol or tobacco is authorized on the premises of that event. The bill prevents a caterer licensee from serving cannabis at any one premise for more than 36 events a year, except as specified. The bill was amended in the Assembly Governmental Organizations Committee to require documentation that the property owner acknowledges the use of the premises for the private event when requesting a cannabis caterer license from the department. Amendments also required the DCC to consider the proximity of the private event to parks, youth recreation centers, schools, and other locations where minors congregate.

Status: Held under submission in the Assembly Appropriations Committee.

CCIA position: SUPPORT

SOCIAL EQUITY

35. **[AB 1565](#) (Jones-Sawyer) California Cannabis Tax Fund: local equity program grants.** This bill requires, effective July 1, 2028, the Controller to disburse up to \$15,000,000 to the DCC for the 2028–29 fiscal year and every fiscal year thereafter to support local equity programs in eligible jurisdictions to assist local equity applicants and licensees gaining entry into, and to successfully operate in, the state’s regulated cannabis marketplace.

Status: Held under submission in the Senate Appropriations Committee.

CCIA position: SUPPORT

TAXATION

36. **[SB 512](#) (Bradford) Taxation: Cannabis Tax Law.** As amended May 3, 2023, this bill seeks to reduce the tax burden on licensed cannabis businesses by excluding certain taxes from the calculation of gross receipts and sales price and providing for potential reimbursement of costs to local agencies and school districts. Specifically, SB 512 prohibits cities or counties from including taxes imposed under the sales and use tax (SUT) law or the cannabis tax law when calculating gross receipts for the purpose of imposing a local cannabis business tax. Beginning January 1, 2024, SB 512 provides that any local tax or fee imposed by a city, county, or city and county on a cannabis licensee for conducting specific activities will be excluded from the definition of "sales price" and "gross receipts" under the SUT law. Beginning January 1, 2024, provides that the gross receipts and sales price under the SUT law will not include taxes imposed under the cannabis tax law.

Status: Passed the Senate. More recently, SB 512 was referred to the Assembly Revenue & Taxation Committee, where it was held on the committee’s suspense calendar.

CCIA position: SUPPORT

TRACK & TRACE: LOCAL GOVERNMENT ACCESS

37. **[AB 687](#) (Hart) California Cannabis Authority.** Sponsored by the California Cannabis Authority, this bill, as amended June 20, 2023, requires DCC’s track and trace program to capture the ZIP Code of the delivery address if the sale of cannabis or cannabis products is conducted by delivery. Requires the DCC to grant specified local agencies read access to the electronic track

and trace database, including the track and trace program data for the purpose of providing local agencies licensee and relevant transactional information in support of local taxation and regulation of cannabis and cannabis products. Specifies that any software, database, or other information technology system utilized by DCC for the issuance, maintenance, or revocation of state licenses must support interoperability with the software of local agencies to allow the exchange of state and local licensing information, notices, and other reporting required or authorized between DCC and local agencies. Defines “local agency” to mean either of the following:

- A city, county, or city and county;
- The California Cannabis Authority formed on January 12, 2018, under a joint powers agreement; or
- Any public local agency composed of multiple public entities with a demonstrated capability to aggregate and geoparse data in an electronic database for each city, county, or city and county licensing or taxing commercial cannabis.

Status: Held under submission in the Senate Appropriations Committee

CCIA position: No position, but staff was prepared to recommend oppose.