

Date of Hearing: April 25, 2017

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Rudy Salas, Chair

AB 1527 (Cooley) – As Introduced February 17, 2017

SUBJECT: State and local marijuana regulatory agencies: employees.

SUMMARY: Places a 1 year prohibition on a state agency or local government employee from being hired by a cannabis business after leaving public employment.

EXISTING LAW:

- 1) Establishes the Bureau of Marijuana Control, also referred to as the Bureau of Medical Cannabis Regulation (Bureau), under the Department of Consumer Affairs (DCA), to establish a comprehensive system to control and regulate the cultivation, distribution, transport, storage, manufacturing, processing, and sale of cannabis products. (Business and Professions Code (BPC) § 26000 et seq.; BPC § 19302)
- 2) Prevents elected officials from engaging in specified business activities or entering into business relationships in the year after their term has ended. (Government Code § 87406)

THIS BILL:

- 1) Prohibits a licensee from employing a former employee of the Bureau, a licensing authority, the Marijuana Control Appeals Panel, or a local jurisdiction who had commercial medical cannabis regulatory or licensing responsibilities or commercial nonmedical marijuana regulatory or licensing responsibilities within one year of the last date of employment with the Bureau, licensing authority, panel, or local jurisdiction.
- 2) Permits the bureau or the licensing authority to suspend immediately the license of a licensee and investigate whether to revoke the license and whether to bar the licensee, or any person or entity acting as an agent or employee of the licensee, from obtaining a license in the future.
- 3) Prohibits a former employee of the bureau, a licensing authority, or a local jurisdiction who had commercial marijuana regulatory or licensing responsibilities from working for or representing a person or entity that holds a license for one year following his or her last date of employment with the bureau or licensing authority.
- 4) Prohibits a former employee of the Marijuana Control Appeals Panel, who had regulatory or licensing responsibilities, from working for or representing a person or entity that holds a license for one year following his or her last date of employment with the panel.
- 5) Specifies that a licensee shall not employ a former employee of the bureau, a licensing authority, the Marijuana Control Appeals Panel, or a local jurisdiction who had commercial medical cannabis regulatory or licensing responsibilities or who had commercial nonmedical marijuana regulatory or licensing responsibilities within one year of the last date of employment with the bureau, licensing authority, panel, or local jurisdiction.

- 6) Permits the bureau or the licensing authority to suspend immediately the license of a licensee and shall investigate whether to revoke the license and whether to bar the licensee, or any person or entity acting as an agent or employee of the licensee, from ever obtaining a license.

FISCAL EFFECT: Unknown. This bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

Purpose. The bill is sponsored by the author. According to the author, “Under the Medical Cannabis Regulation and Safety Act (MCRSA), California finally fulfilled the intent of Proposition 215 by creating a regulatory framework and licensing system for the medical cannabis industry. Challenges, however, still remain. Not the least of these is creating the regulatory framework under the Bureau of Cannabis Regulation while also complying with federal guidelines for states that have legalized medical and recreational cannabis. One way of bolstering the integrity of our regulatory framework is to ensure that no undue influence occurs between the medical cannabis industry and the regulators as the system is being designed and implemented. To that end, AB 1527 prohibits someone employed by the Bureau or other licensing authority from working for a licensee for a period of one year post-employment. It also prohibits a licensee from knowingly hiring a former Bureau or licensing employee for one year after their employment. It is a small step to safeguard the integrity of the Bureau and other licensing authorities during this initial period of creating a robust regulatory framework.”

Background. *Political Reform Act.* According to information obtained from the Fair Political Practices Commission, in the aftermath of the Watergate scandal, California was the first state to pass a comprehensive political reform package. Proposition 9, known today as The Political Reform Act, was passed as a ballot measure by California voters in the June 1974 election. By including provisions regulating campaign finance, lobbying activity, and conflicts of interest, Proposition 9 represented the most significant state-level response to the culture of corruption that was believed to be so pervasive in the pre-Watergate years.

Milton Marks Post-governmental Employment Restrictions Act. In 1990, the Legislature passed legislation to prohibit state elected officers and specified state agency officers and employees from being paid to represent another person before their former state agency for one year after leaving that agency. In 2005, a similar law was added applying to certain local officers.

Other States. In June of 2015, Colorado passed Senate Bill 15-115. This measure established a six month ban on a state licensing authority employee, with regulatory oversight responsibilities for cannabis businesses licensed by the state, from working for or representing a cannabis business licensed by the state licensing authority for a period of 24 six months following his or her last day of employment with the state licensing authority.

REGISTERED SUPPORT:

None on file.

REGISTERED OPPOSITION:

None on file.

Analysis Prepared by: Le Ondra Clark Harvey Ph.D. / B. & P. / (916) 319-3301