California State Assembly

BUSINESS AND PROFESSIONS

MARC BERMAN
CHAIR

1020 N Street, Room 379
(916) 319-3301
FAX: (916) 319-3306

AGENDA

Tuesday, January 13, 2026
9:30 a.m. -- 1021 O Street, Room 1100

BILLS HEARD IN FILE ORDER

1.	AB 739	Jackson	Common interest developments: managing agent fees: executive officer training.
2.	AB 762	Irwin	Disposable, battery-embedded vapor inhalation device: prohibition.
3.	AB 1382	Castillo	Ethics Over Aesthetics Act.

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 739 (Jackson) – As Amended January 5, 2026

NOTE: This bill is double referred and if passed by this Committee will be re-referred to the Assembly Committee on Housing and Community Development.

SUBJECT: Common interest developments: managing agent fees: executive officer training.

SUMMARY: Requires that the annual policy statement sent to members of a common interest development by a homeowners' association (HOA) include a statement of all fees charged by the managing agent employed by the association, requires the Department of Real Estate (DRE) to develop an education course for executive officers of the association that is validated by the Secretary of State, and requires that executive officers complete 12 hours of education within a specified timeframe.

EXISTING LAW:

1) Establishes the Real Estate Law to provide for regulation of real estate salespersons, real estate brokers, transactions associated with the purchase or lease new homes or subdivided interests, and the sales of timeshare interests to consumers in California. (Business and Professions Code (BPC) §§ 10000 *et seq.*)

2) Establishes the DRE to administer the Real Estate Law. (BPC § 10004)

3) Provides for the DRE's administration of the Subdivided Lands Act and the Vacation Ownership and Timeshare Act of 2004. (BPC §§ 11000 *et seq.* and 11240 *et seq.*)

4) Requires that any person intending to offer subdivided lands in California for sale or lease to file an application for a public report with the DRE consisting of a notice of intention and a completed questionnaire that includes specified information related to the proposed project. (BPC § 11010)

5) Requires that, upon issuance of a public report, a copy shall be given to the prospective purchaser by the owner, subdivider or agent. (BPC § 11018.1(a))

6) Requires that, if the subdivision is a common interest development, the owner shall give a statement to the prospective purchaser at the same time that a copy of the public report is given detailing their rights and obligations as a member of a common interest development. (BPC § 11018.1(c))

7) Defines a "common interest development manager" as an individual who for compensation, or in expectation of compensation, provides or contracts to provide management or financial services, or represents himself or herself to act in the capacity of providing management or financial services to a *[homeowners']* association. (BPC § 11501(a))

8) Clarifies that a "common interest development manager" also means:

a) An individual who is a partner in a partnership, a shareholder or officer in a corporation, or who, in any other business entity acts in a capacity to advise, supervise, and direct the activity of a registrant or provisional registrant, or who acts as a principal on behalf of a company that provides the services of a common interest development manager.

b) An individual operating under a fictitious business name who provides the services of a common interest development manager.

(BPC § 11501(b))

9) Establishes that a person may only call themselves a "certified common interest development manager" if they meet certain qualifications and training requirements. (BPC §§ 11592-11506)

10) Establishes the Davis-Stirling Common Interest Development Act, which governs the formation, development, and maintenance of common interest development properties in California. (Civil Code (CIV) §§ 4000 *et. seq.*)

11) Requires the board of an HOA to send an annual policy statement to its members, within 30 to 90 days before the end of its fiscal year, containing information about association policies that includes specified information. (CIV § 5310)

12) Requires that, to the extent funds are available, the Department of Consumer Affairs and the DRE shall develop an online education course for HOA board members regarding the role, duties, laws, and responsibilities of directors and prospective directors, and the nonjudicial foreclosure process. (CIV § 5400)

13) Requires that, unless their governing documents impose a more stringent standard, the board of an HOA shall review the following on a monthly basis:

a) A current reconciliation of the HOA's operating accounts;

b) A current reconciliation of the HOA's reserve accounts;

c) The current year's actual operating revenues and expenses compared to the current year's budget;

d) The latest account statements prepared by the financial institutions where the HOA has its operating and reserve accounts;

e) An income and expense statement for the HOA's operating and reserve accounts; and

f) The check register, monthly general ledger, and delinquent assessment receivable reports.

(BPC § 5500)

THIS BILL:

1) Requires that the annual policy statement sent by a board of an HOA to its membership also include a statement of all fees charged by the managing agent.

2) Requires the DRE to develop an education course for executive officers of an HOA that is validated by the Secretary of State and includes content regarding all of the following:

   a) Information on the monthly review requirements for board members;

   b) Fiduciary duties;

   c) Management duties; and

   d) All other applicable provisions of the Davis-Sterling Act.

3) Requires each of the following, commencing on the date of the development of the education course:

   a) An executive officer appointed or elected on or before the date of development of the education course shall complete 12 hours of the education course within two years of the date of the development; and

   b) An executive officer appointed or elected after the date of the development of the education course shall complete 12 hours of the course within two years of appointment or election to their officer position.

4) Clarifies that, for purposes of this bill, "executive officer" means the president, vice-president, treasurer, or secretary of the HOA.

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

COMMENTS:

Purpose. This bill is sponsored by the author. According to the author:

> Fees charged by HOA managing agents are often complex and confusing for association members who want to understand exactly what they are paying and want insight into third-party vendors. AB 739 is a transparency measure to require a summary of HOA fee information be provided to the association's board members while guaranteeing homeowners the right to access this information. Providing HOA members with clear, digestible fee information is critical to ensure they can make informed decisions about their communities.

Background.

Department of Real Estate. In 1917, the Legislature passed the Real Estate Law and created the California Real Estate Commission. Following a lengthy constitutional challenge in the courts, the 1919 Realty Act created the State Real Estate Department, which became operational in November of 1919. The current DRE, the successor entity of that earlier department, is empowered to enforce the Real Estate Law (Business and Professions Code (BPC) § 10000 et seq.), the Subdivided Lands Act (BPC § 11000 et seq.), and the Vacation Ownership and Timeshare Act of 2004 (BPC § 11240 et seq.). DRE regulations are found in Title 10 of the California Code of Regulations (10 CCR), § 2705 et seq.

The Real Estate Law requires licensure of persons who: 1) represent sellers and buyers of real property or business opportunities; 2) represent tenants and landlords in the rental or leasing of

real property or business opportunities; 3) assist persons involved in land transactions with the federal or state government; 4) solicit for, negotiate, or service mortgage loans; and 5) represent buyers and sellers in exchanges of real property sales contracts and provides services to those who are contract holders.

The Subdivided Lands Act protects consumers who purchase or lease new homes or subdivided interests in California. This law requires the developer of subdivided interests to seek and obtain a Subdivision Public Report from DRE. This report is designed by law to protect the public from fraud and misrepresentation by documenting the developer's commitments to consumers. The Vacation Ownership and Timeshare Act of 2004 provides parallel consumer protections relating to the sales of timeshare interests to consumers in California.

Pursuant to these required public reports, developers must disclose a host of specific information related to the size, scope, impact, and estimated costs of the proposed project to DRE. Specific to common interest developments (CID)s, these reports must include details regarding the proposed HOA that will manage the development, estimated operational expenses to continually maintain the CID, and other relevant information including "any unusual or potentially harmful financial or conveyance arrangements[1]".

Common Interest Developments. Common interest developments (CIDs) are property developments characterized by a separate, private ownership of dwelling space coupled with an undivided interest in a common property, restricted by covenants and conditions that limit the use of common area, and the separate ownership interests and the management of common property and enforcement of restrictions by an HOA. There are over 50,000 CIDs in the state that range in size from three to 27,000 units, with the average CID having 286 residents. CIDs make up roughly 4.7 million housing units, and 36% of Californians (over 14 million Californians) live in a CID. These rates are even higher for homeowners, with approximately 65% of homeowners living in a CID. CIDs include condominiums, community apartment projects, housing cooperatives, and planned unit developments. CIDs must abide by the Davis-Stirling Common Interest Development Act as well as the governing documents of the HOAs, including bylaws, declaration, and operating rules.

Davis-Stirling Common Interest Development Act. The Davis-Stirling Act went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The law aims to balance the authority of HOAs with the rights of individual property owners, ensuring that communities are managed efficiently and fairly.

Over time, the Davis-Stirling Act has been amended to address the evolving needs of CIDs and to increase transparency, accountability, and consumer protections. Key provisions include requirements for open meetings, financial disclosures, election procedures, and architectural review processes. The Act also provides mechanisms for resolving disputes, including internal dispute resolution and alternative dispute resolution before certain legal actions can proceed. As CIDs continue to represent a significant portion of California's housing stock, the Davis-Stirling Act plays a critical role in shaping the living environment and governance of millions of residents across the state.

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[1] California Department of Real Estate, *Subdivision Public Report Application Guide*, June 2011.

HOAs and Community Managers. HOAs are governed by volunteer board members and are comprised of residents of the CID. Often, an individual buying property in a CID are obligated to join the HOA as part of their condition of sale. HOAs are responsible with setting and enforcing rules or restrictions over the CID, maintaining the common areas of the property, communicating with property owners within the CID, and collecting dues or fees from members of the CID.

In order to facilitate the day-to-day operations of a common interest community, HOAs will often contract with outside entities and professionals such as attorneys, CPAs, landscapers, and property management companies. There are even many individuals and companies serving as full-suite "common interest development managers", or "community managers", that HOAs can contract with to handle the majority of responsibilities for managing a CID. Among other duties, they organize and attend board meetings, prepare board agendas and accompanying materials, prepare and provide notices on behalf of the association, enforce disciplinary actions, handle requests from vendors, and maintain general accounting.

Moreover, the Business and Professions Code provides a title-protected pathway for a person to become a "certified common interest development manager". The certification program requires a certified common interest development manager to successfully complete at least 30 hours of education in laws relevant to CIDs such as the Davis-Stirling Act, the Unruh Civil Rights Act, the California Fair Employment and Housing Act, and the American Disabilities Act. It also requires training in managerial and business skills such as risk management, insurance coverage, contract negotiation, ethics and professional conduct, supervision of employees, and more. These trainings are administered by professional associations that must meet a number of qualifications, and these associations may require additional trainings or education requirements for their respective certification program. For example, the California Association for Certified Managers (CACM) requires 30 hours of continuing education every three years for all individuals they certify to maintain current status, and offers a "master" certification program that can be obtained through an additional 20 hours of continuing education.

There has been increasing controversy surrounding the relationship between HOAs and managing agents, particularly in the author's district. According to the author, concerns from homeowners have arisen regarding management of their respective HOA, including the managing and transparency of finances. Some homeowners, and even HOA board members, allege that management companies obfuscate the fees they charge for services rendered, passing on higher costs to the HOA and members of the community. While language contained in the Davis-Stirling Act gives homeowners the right to inquire about all fees, contracts, and operations conducted by their respective HOA—and, resultantly, the management company the HOA works with—the author contends that the complexity of searching for this information disincentivizes Californians from using this right.

Consequently, the author has amended this measure, which previously required community managers to obtain a real estate broker license, to instead bring greater transparency and up-to-date information to HOA board members and homeowners alike. This bill would require that "a statement of all fees charged by the managing agent" be included in the annual policy statement that HOAs send to homeowners. Additionally, this bill would require the DRE to develop an education course, validated by the Secretary of State, for executive officers of HOAs that includes information related to the fiduciary, management, and reporting duties of the association. The bill requires that, upon development of the education course, executive officers of HOAs shall complete a mandatory 12 hours of training, either within two years of the creation

of the course (for executive officers appointed or elected prior to the course development), or within two years of appointment or election of a new executive officer.

Current Related Legislation. None on file.

Prior Related Legislation. AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, enacted statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to housing and homelessness, including capping HOA disciplinary fines and adding electronic voting rules.

AB 1410 (Rodriguez), Chapter 858, Statutes of 2022, made various updates and changes to the Davis-Sterling Common Interest Development Act, including imposing limits on scenarios under which HOA boards may take disciplinary action against members.

ARGUMENTS IN SUPPORT:

This bill is supported by the **California Association of Realtors,** the **Inland Valleys Association of Realtors,** the **Greater Palm Springs Realtors,** and the **California Desert Association of Realtors.** In a joint letter of support, they write: "AB 739 seeks to provide a very basic level of transparency to help HOA boards as well as community members understand what they are paying for their professional management. It's truly not much more than a law that requires a simple, yearly, summarized receipt to the community that paid the bills."

ARGUMENTS IN OPPOSITION:

The **California Association of Community Managers** are opposed to this bill unless it is amended to "clarify that the fees to be provided to the board are the total base fee, fee schedule charges and reimbursable expenses," and to "allow homeowners to receive this information upon request."

The **Community Associations Institute** is opposed to this bill unless it is amended to "remove the mandatory training requirement" and requests the author "work with stakeholders on alternative approaches that support, rather that hinder, volunteer board service."

POLICY ISSUE(S) FOR CONSIDERATION:

Barriers to Board Recruitment. As described in the analysis, the board of an HOA is entirely comprised of volunteers from the community. In a letter to this committee, the Community Associations Institute—which represents roughly 55,000 CIDs and their respective HOAs—notes that recruitment of willing residents to serve on the board of an HOA is already a difficult process. Service on the board of an HOA is not only a time commitment to attend meetings and conduct business, but many board members must often handle additional requests, communications, or grievances from community residents. Requiring 12 hours of mandatory training in order to serve as an executive officer may further hinder board recruitment, and particularly make it harder for HOAs to recruit young and diverse members of the community that can offer valuable perspective.

The bill also does not clarify what party would be responsible for paying for training. It is unreasonable to place additional financial burden on individuals volunteering to serve on the

board. At the same time, if the HOA itself must pay for the training, this would increase housing costs by passing down increased administrative cost of the HOA to homeowners.

Education Course Development and Administration. This bill tasks the DRE with developing and administering the mandatory education course for HOA executive officers. This would be an unprecedented shift in the DRE's responsibilities; typically, the DRE approves or certifies required trainings, but the actual courses are developed and administered by outside entities, typically third-party vendors or nonprofit trade associations.

Additionally, the wider topic of community interest developments and HOAs are generally outside of the scope of the DRE. Beyond initial approval of a public report by developers, where the DRE has insight into the operational and financial structure of a proposed HOA, the DRE has little oversight of CIDs, HOAs, or community managers. In fact, the Davis-Stirling Act is largely enforced through private legal action.

AMENDMENTS:

To address the policy concerns raised in this analysis, strike Section 2 from the bill, with amendments to be adopted in the Assembly Committee on Housing and Community Development.

REGISTERED SUPPORT:

California Association of Realtors
California Desert Association of Realtors
Greater Palm Springs Realtors
Inland Valleys Association of Realtors

REGISTERED OPPOSITION:

California Association of Community Managers (*unless amended*)
Community Associations Institute - California Legislative Action Committee (*unless amended*)

Analysis Prepared by: Edward Franco / B. & P. / (916) 319-3301

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 762 (Irwin) – As Amended March 28, 2025

NOTE: This bill is double referred and previously passed the Assembly Committee on Environmental Safety and Toxic Materials on a 4-1-2 vote.

SUBJECT: Disposable, battery-embedded vapor inhalation device: prohibition.

SUMMARY: Prohibits the sale of disposable, battery-embedded vapor inhalation devices, as defined, and authorizes the California Department of Tax and Fee Administration (CDTFA) and the Department of Cannabis Control (DCC) to enforce this prohibition through the revocation or suspension of the respective licenses issued by those departments.

EXISTING LAW:

1) Establishes the California Department of Public Health (CDPH) within the California Health and Human Services Agency, which houses a California Tobacco Control Branch charged with leading state and local health program to promote a tobacco-free environment. (Health and Safety Code (HSC) §§ 131000 *et seq.*)

2) Requires the Attorney General to establish and maintain on the Attorney General's website a list of tobacco product brand styles that lack a characterizing flavor, known as the Unflavored Tobacco List. (HSC § 104559.1)

3) Prohibits a tobacco retailer from selling flavored tobacco product or tobacco product flavor enhancer, as defined, and authorizes the CDPH, the Attorney General, or a local law enforcement agency to assess civil penalties for violations of that prohibition; requires the CDPH to notify the CDTFA of repeat violations and requires the CDTFA to assess a civil penalty and suspend or revoke the violating retailer's license. (HSC § 104559.5)

4) Enacts the Cigarette and Tobacco Products Tax Law, which, among other provisions, requires distributors engaged in the sale of cigarettes or tobacco products to apply for and obtain a license from the CDTFA. (Revenue and Taxation Code §§ 30001 *et seq.*)

5) Enacts the Cigarette and Tobacco Products Licensing Act of 2003 to provide for the licensing of manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. (Business and Professions Code (BPC) §§ 22970 *et seq.*)

6) Requires the CDPH to establish a program to reduce the availability of tobacco products to persons under 21 years of age through authorized enforcement activities, as specified, pursuant to the Stop Tobacco Access to Kids Enforcement Act (STAKE Act). (BPC § 22952)

7) Authorizes specified enforcing agencies to assess civil penalties against any person, firm, or corporation that violates the prohibition against sales of tobacco products, instruments, or paraphernalia to persons under the age of 21. (BPC § 22958)

8) Provides for specified application requirements for a retailer to obtain a license from the CDTFA to engage in the sale of cigarettes or tobacco products and specifies causes for denial of a license, including the violation of specified laws. (BPC § 22973.1)

9) Requires the forfeiture of unlawful flavored tobacco products or tobacco product flavor enhancers and requires the CDTFA to suspend or revoke the license of a retailer or wholesaler following multiple cases of forfeiture, as specified. (BPC § 22974.2; § 22978.3)

10) Requires the CDTFA to revoke the license of any retailer or any person controlling the retailer that has been convicted of specified felonies or had any permit or license revoked under the Cigarette and Tobacco Products Tax Law. (BPC § 22974.4)

11) Specifies additional causes for suspension or revocation of a retailer's license to engage in the sale of cigarettes or tobacco products by the CDTFA, including violations of laws relevant to the scope of the license. (BPC § 22980.3)

12) Enacts the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to provide for a comprehensive regulatory framework for the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medicinal and adult-use cannabis. (BPC §§ 26000 *et seq.*)

13) Establishes the DCC within the Business, Consumer Services, and Housing Agency for purposes of administering and enforcing MAUCRSA. (BPC § 26010)

14) Requires the DCC to convene an advisory committee to advise state licensing authorities on the development of standards and regulations for legal cannabis, including best practices and guidelines that protect public health and safety while ensuring a regulated environment for commercial cannabis activity that does not impose such barriers so as to perpetuate, rather than reduce and eliminate, the illicit market for cannabis. (BPC § 26014)

15) Establishes grounds for disciplinary action against cannabis licensees, including failures to comply with state requirements as well as local laws and ordinances. (BPC § 26030)

16) Authorizes the DCC to suspend, revoke, place on probation, or otherwise discipline licensees for specified acts or omissions constituting grounds for disciplinary action. (BPC § 26031)

17) Prohibits a cannabis retailer or microbusiness from selling alcoholic beverages or tobacco products on their premises. (BPC § 26054)

18) Effective July 1, 2024, prohibits the package or label of a cannabis cartridge and an integrated cannabis vaporizer from indicating that the cartridge or vaporizer is disposable or implying that it may be thrown in the trash or recycling streams. (BPC § 26120)

19) Requires a cannabis cartridge or integrated cannabis vaporizer to bear a universal symbol and defines "integrated cannabis vaporizer" as a singular device that contains both cannabis oil and an integrated electronic device that creates an aerosol or vapor. (BPC § 26122)

20) Enacts the Responsible Battery Recycling Act of 2022, which requires producers of specified batteries to establish a stewardship program for the collection and recycling of those batteries. (Public Resources Code §§ 42420 *et seq.)*

THIS BILL:

1) Defines "disposable, battery-embedded vapor inhalation device" as a vaporization device that is not designed or intended to be reused, and includes any vaporization device that is either not refillable or not rechargeable, as specified.

2) Exempts certain devices used for health care purposes from this definition.

3) Prohibits the sale, distribution, or offer for sale of a new or refurbished disposable, battery-embedded vapor inhalation device on and after January 1, 2026.

4) Authorizes state or local enforcement of this prohibition, including through the imposition of civil penalties.

5) Provides that violations of the prohibition constitute an infraction punishable by a fine of not more than $500.

6) Authorizes the CDTFA to revoke or suspend a license issued pursuant to the Cigarette and Tobacco Products Licensing Act of 2003 for the unlawful sale of a disposable, battery-embedded vapor inhalation device containing a tobacco product.

7) Authorizes the CDTFA to revoke or suspend a license issued pursuant to MAUCRSA for the unlawful sale of a disposable, battery-embedded vapor inhalation device containing a cannabis product.

8) Clarifies that any penalty provided by the bill is in addition to the other authorized penalties.

9) Provides that the costs incurred by a state agency in carrying out the provisions of the bill shall be recoverable by the Attorney General, upon the request of the agency, from the liable person or persons.

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

COMMENTS:

Purpose. This bill is co-sponsored by *Californians Against Waste*, the *California Product Stewardship Council*, *CALPIRG*, and *ReThinkWaste*. According to the author:

> Single-use vapes have surged in popularity due to their convenience. More than 12 million disposable vapes containing nicotine, cannabis, melatonin, and other combustible substances are sold every month in the U.S. These vapes are classified as acute single-use hazardous waste by the EPA and are not able to be recycled with other plastic waste. The lack of a standardized recycling process has led a rapidly-increasing number of vapes to be landfilled. With designs that prevent the refilling of vape liquid and recharging of the lithium-ion battery, these devices have an intended lifespan of about one week. The lithium-ion batteries in vapes are highly flammable, cannot be removed, and post costly safety issues at every point of the waste stream. These devices are thrown in the trash, and sent to material recovery facilities where they can ignite, posing safety risks to workers. Local governments end up shouldering the cost of extinguishing and cleaning up dangerous battery fires, putting firefighters in harm's way. We do not throw away our phones or laptops after one week of use, and we should not treat other lithium-ion devices any differently.

Background.

Regulation of Batteries. The Hazardous Waste Control Law provides the Department of Toxic Substances Control with responsibility for overseeing the management of hazardous waste in California. The Electronic Waste Recycling Act of 2003 provides for a program for consumers to return, recycle, and ensure the safe and environmentally sound disposal of electronic waste, which was expanded in 2022 to include covered battery-embedded products. The Legislature also enacted Assembly Bill 2440 (Irwin), the Responsible Battery Recycling Act of 2022, which requires producers of covered batteries to establish a stewardship program for the collection and recycling of those covered batteries.

Regulation of Cannabis. Consumption of cannabis was first made lawful in California in 1996 when voters approved Proposition 215, or the Compassionate Use Act. Proposition 215 protected qualified patients and caregivers from prosecution relating to the possession and cultivation of cannabis for medicinal purposes, if recommended by a physician. This regulatory scheme was further refined by SB 420 (Vasconcellos) in 2003, which established the state's Medical Marijuana Program. After several years of lawful cannabis cultivation and consumption under state law, a lack of a uniform regulatory framework led to persistent problems across the state. Cannabis's continued illegality under the federal Controlled Substances Act, which classifies cannabis as a Schedule I drug ineligible for prescription, generated periodic enforcement activities by the United States Department of Justice. Threat of action by the federal government created persistent apprehension within California's cannabis community.

A document issued by the United States Attorney General in 2013 known as the "Cole Memorandum" indicated that the existence of a strong and effective state regulatory system, and a cannabis operation's compliance with such a system, could allay the threat of federal enforcement interests. Federal prosecutors were urged under the memorandum to review cannabis cases on a case-by-case basis and consider whether a cannabis operation was in compliance with a strong and effective state regulatory system prior to prosecution. The memorandum was followed by Congress's passage of the Rohrabacher-Farr amendment, which prohibits the United States Department of Justice from interceding in state efforts to implement medicinal cannabis.

After several prior attempts to improve the state's regulation of cannabis, the Legislature passed the Medical Marijuana Regulation and Safety Act—subsequently retitled the Medical Cannabis Regulation and Safety Act (MCRSA)—in 2015. MCRSA established a comprehensive statewide licensing and regulatory framework for the cultivation, manufacture, transportation, testing, distribution, and sale of medicinal cannabis. While entrusting state agencies to promulgate regulations governing the implementation of the state's cannabis laws, MCRSA preserved local control. Under MCRSA, local governments could establish their own ordinances to regulate medicinal cannabis activity, or choose to ban cannabis establishments altogether.

In 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act (AUMA). The passage of the AUMA legalized cannabis for non-medicinal use by adults in a private residence or licensed business; allowed adults 21 and over to possess and give away up to approximately one ounce of cannabis and up to eight grams of cannabis concentrate; and permitted the personal cultivation of up to six plants. The proponents of the AUMA sought to make use of much of the regulatory framework and authorities set out by MCRSA while making a few notable changes to the structure still being implemented.

In the spring of 2017, SB 94 (Committee on Budget and Fiscal Review) was passed to reconcile the distinct systems for the regulation, licensing, and enforcement of legal cannabis that had been established under the respective authorities of MCRSA and the AUMA. The single consolidated system established by the bill—known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)—created a unified series of cannabis laws. On January 16, 2019, the state's three cannabis licensing authorities—the Bureau of Cannabis Control, the California Department of Food and Agriculture, and the California Department of Public Health—officially announced that the Office of Administrative Law had approved final cannabis regulations promulgated by the three agencies respectively.

In early 2021, the Department of Finance released trailer bill language to create the DCC, with centralized authority for cannabis licensing and enforcement activities. This new department was created through a consolidation of the three prior licensing authorities' cannabis programs. As of July 1, 2021, the DCC has been the single entity responsible for administering and enforcing the majority of MAUCRSA. New regulations went into effect on January 1, 2023 to effectuate the organizational consolidation and make other changes to cannabis regulation.

Regulation of Cigarette and Tobacco Sales. According to the federal Centers for Disease Control and Prevention, smoking causes cancer, heart disease, stroke, lung diseases, diabetes, and chronic obstructive pulmonary disease. The government has an established policy goal in preventing tobacco use, and there are multiple federally funded campaigns to not just educate consumers about tobacco health considerations, but to discourage smoking and encourage cessation. In California, the CDPH's California Tobacco Control Program states that its focus is to make tobacco "less desirable, less acceptable and less accessible." The California Department of Education similarly provides assistance to schools, school districts, and county offices of education regarding the prevention and cessation of tobacco use.

The Cigarette and Tobacco Products Tax Law provides for the licensure of distributors engaged in the sale of cigarettes or tobacco products from the CDTFA. The Cigarette and Tobacco Products Licensing Act of 2003 provides for the licensure manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. Current law provides that specific violations of the law are cause for the CDTFA to deny an application for an initial or renewed license, and that a license can be suspended or revoked for specified causes.

The Stop Tobacco Access to Kids Enforcement Act (STAKE Act) prohibits the sale of tobacco products to individuals under 21 years old and requires tobacco retailers to post age restriction warning signs. It also enforces compliance through undercover youth decoy operations, imposes fines for violations, and mandates licensing requirements for sellers. The STAKE Act further prohibits advertising of tobacco products on any outdoor billboard located within 1,000 feet of any public or private elementary school, junior high school, or high school, or public playground.

In 2020, the Legislature enacted Senate Bill 793 (Hill), which prohibits retailers from selling flavored tobacco products or a tobacco product flavor enhancers, with some exceptions. This ban applied to combustible cigarettes and cigars as well as electronic cigarettes and other vaping products. Senate Bill 793 was challenged unsuccessfully in court, and a referendum was placed on the 2022 ballot in California that resulted in nearly two-thirds of voters choosing to uphold the legislation. In 2024, the Legislature enacted Assembly Bill 3218 (Wood), which requires the Attorney General to establish and maintain a website containing a list of tobacco product brand styles that lack a characterizing flavor, known as the Unflavored Tobacco List.

Disposable, Battery-Embedded Vapor Inhalation Devices. Vaping has grown rapidly in recent years to become the most popular form of tobacco use. According to surveys conducted by the CDPH, 4.4 percent of adults reported using vape products, a rate more than double that of cigarette smokers, making vaping the most common form of tobacco use among adults.[1] This is similarly the case for tobacco use by youths, with 5.9 percent of youth reporting current use of vape products according to the CDPH's surveys.[2]

Vaping is also a very popular way to consume cannabis products. According to a 2020 report, yearly revenue from the sales of cannabis vapes has exceeded $1 billion, and that market has continued to grow. According to analysis provided by ERA Economics in 2025 as part of the DCC's *Condition and Health of the Cannabis Industry in California* report, sales of vapes increased from $309 million to $354 million between the second quarters of 2021 and 2024. The majority of cannabis vaping products are cartridges that are inserted into reusable vaporizers or vape pens. However, at the time of the 2020 report, approximately 10 percent of vaping products were believed to be vaporizers that combine both the cannabis product and a built-in electronic device that creates the aerosol or vapor, essentially constituting a single-use, all-in-one product.[3]

Concerns have been raised in recent years about the use of integrated vaporizers containing embedded batteries. According to the California Department of Resources Recycling and Recovery (CalRecycle), batteries are hazardous waste when they are discarded because of the metals and other toxic or corrosive materials they contain. Battery-embedded devices pose significant environmental and safety hazards, particularly when improperly disposed of in household trash. These devices often contain lithium-ion batteries, which can overheat, ignite, or even explode if punctured or compressed in trash compactors or landfills. This creates serious fire risks for sanitation workers, waste management facilities, and surrounding communities. A 2021 report by the federal Environmental Protection Agency identified 64 waste facilities that had experienced 245 fires caused by, or likely caused by, lithium metal or lithium-ion batteries, some of which were substantially destructive.[4]

In 2022, it was discovered that the state's largest manufacturer of cannabis vaping products, which at the time sold approximately 25 percent of cannabis vapes in California, was selling its integrated vaping products with "DISPOSABLE THC PEN" prominently displayed on the packaging. In response to allegations of misleading and potentially hazardous labeling and advertising practices, in 2022 the Legislature passed Assembly Bill 1894 (Luz Rivas), which placed new requirements and restrictions for the packages and labels of integrated cannabis vaporizers, as well as for the advertisement and marketing of those products. These requirements went into effect on July 1, 2024.

Similar concerns have been raised for vaping product containing tobacco products, commonly referred to as "e-cigarettes." In 2023, the United States Public Interest Research Group Education Fund published a report titled *Vape Waste*, which included the following statement:

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[1] California Department of Public Health. *Key Findings from the 2023 Online California Adult Tobacco Survey*. California Tobacco Prevention Program, January 2024.
[2] Clodfelter, Rachel, *et al*. *Annual Results Report for the California Youth Tobacco Survey 2023*. RTI International, March 2024.
[3] Arcview Market Research, and BDS Analytics. *The State of Legal Cannabis Markets: 8th Edition*. Arcview Group, April 2020.
[4] United States Environmental Protection Agency. *An Analysis of Lithium-Ion Battery Fires in Waste Management and Recycling*. EPA 530-R-21-002, July 2021.

> One product stands apart as being particularly harmful to our environment and public health—disposable vapes. Vapes, also known as e-cigarettes, are handheld battery powered electronic devices with heated metal coils that vaporize a liquid containing nicotine or cannabis products, known as e-liquid. Nicotine is the famously addictive stimulant found in tobacco that gives smokers a dopamine hit, and makes quitting difficult. … Due to the nicotine e-liquid used in these products, vape waste can't be recycled with other plastics because the substance is defined by the EPA as an acute hazardous waste. Disposable vapes can't be reused, they can't be recycled properly, and they can't legally be thrown in the trash. What are consumers supposed to do with these products? Is it any wonder they're an environmental threat?[5]

In response to concerns regarding the proliferation of battery-embedded cannabis and tobacco vaping products and the potential for those products to continue to be disposed of improperly, this bill would prohibit the sale of all disposable, battery-embedded vapor inhalation devices in California. The bill would specifically define these products as not being designed or intended to be reused, and includes any vaporization device is either not refillable or not rechargeable. While this general prohibition does not specify its application to tobacco or cannabis products, both the CDTFA and the DCC would be authorized to take action against licensees for selling disposable, battery-embedded vaping products in violation of the ban. The author and sponsors of the bill believe that this prohibition would significantly help to reduce the damage caused by improper disposal of hazardous waste.

Prior Related Legislation. AB 1894 (Luz Rivas), Chapter 390, Statutes of 2022 placed new requirements and restrictions for the packages and labels of integrated cannabis vaporizers, as well as for the advertisement and marketing of those products.

AB 2440 (Irwin), Chapter 351, Statutes of 2022 enacted the Responsible Battery Recycling Act of 2022, which requires producers of covered batteries, as defined, to establish a stewardship program for the collection and recycling of covered batteries.

SB 1215 (Newman), Chapter 370, Statutes of 2022 expanded the Electronic Waste Recycling Act to include battery embedded products.

AB 1690 (Luz Rivas) of 2022 would have prohibited the sale of single-use electronic cigarettes. *This bill died on the inactive file of the Assembly Floor.*

SB 793 (Hill), Chapter 34, Statutes of 2020 prohibited a tobacco retailer, or any of its agents or employees from selling, offering for sale, or possessing with the intent to sell or offer for sale, a flavored tobacco product or a tobacco product flavor enhancer.

AB 1529 (Low), Chapter 830, Statutes of 2019 reduced the minimum size of the universal cannabis symbol required on integrated cannabis vaporizers.

SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017 established a unified system for the regulation of cannabis which included a prohibition against cannabis retailers selling tobacco products.

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[5] Gutterman, Lucas. *Vape Waste: The Environmental Harms of Disposable Vapes*. U.S. PIRG Education Fund, 11 July 2023.

ARGUMENTS IN SUPPORT:

A coalition of organizations write in support of the bill, including the bill's co-sponsors *Californians Against Waste*, the *California Product Stewardship Council*, *CALPIRG*, and *ReThinkWaste*. The coalition letter states: "Single-use vapes contain embedded lithium-ion batteries that cannot be easily extracted from their plastic encasement, contributing to an egregious waste of valuable resources. The lithium discarded in these devices annually could otherwise power over 2,600 electric vehicles, underscoring the reckless depletion of critical materials. When discarded, these products end up in curbside bins or littered in the environment - where the slightest impact can ignite a fire. These fires pose a risk to the health and safety of waste hauler workers, as well as damage to equipment and facilities - increasing costs for service providers and ultimately, ratepayers. The U.K. has already linked disposable vape waste to a staggering 77% increase in waste facility fires over the last year alone. California waste and recycling operators are facing a similar crisis, with escalating fire risks and increased costs in managing this hazardous waste."

The *Los Angeles County Sanitation Districts* also supports this bill, writing: "Single-use vapes contain highly flammable lithium-ion batteries, which present significant safety concerns to solid waste and recycling facilities and the employees who work there. These vapes are frequently thrown away in household trash or mixed with recyclable materials and transported to waste facilities for collection and processing, followed by disposal. At any stage—whether during collection, processing or disposal—vapes can be punctured, crushed, or short-circuited, leading to fires and endangering workers. Beyond the immediate fire risks, single-use vapes also increase environmental risks due to the harmful chemicals in each device. Banning the sale of single-use vapes is a common-sense approach to mitigating the hazards associated with a product that cannot be easily managed safely during its end-of-life."

ARGUMENTS IN OPPOSITION:

The *American Petroleum and Convenience Store Association* writes in opposition to this bill: "AB 762 will drive consumers to the unregulated, illicit market, increasing risks to public health and safety. Prohibiting the sale of disposable, battery-embedded vapor devices will not eliminate consumer demand, but merely shift sales to the unregulated and illicit market. This shift creates multiple risks. Products sold through the illicit market are not subject to the same safety standards, age verification, or quality controls that licensed retailers must adhere to. As a result, consumers—particularly young people—are exposed to potentially dangerous products that may contain harmful substances or defective batteries. Moreover, illicit sellers have little incentive to comply with California's strict regulations, undermining the state's efforts to protect public health and safety."

The *California Cannabis Operators Association* (CaCOA) also writes in opposition to this bill: "AB 762 is both premature and counterproductive to California's efforts to build a safe, sustainable, and legally compliant cannabis market." CaCOA further argues: "Rather than achieving its intended goals, AB 762 will empower illicit actors, reduce opportunities to educate consumers on proper disposal, and undercut tax-generating legal sales that fund youth programs, public health services, and environmental restoration. We believe there are more balanced policy approaches that can improve environmental outcomes without jeopardizing consumer safety or weakening California's regulated cannabis market."

POLICY ISSUE(S) FOR CONSIDERATION:

Impact on Illicit Market Competition. A report published by the Reason Foundation estimates that as much as two-thirds of cannabis sales in California take place on the illicit market. This is consistent with widespread consensus that illicit cannabis continues to proliferate notwithstanding the enactment of MAUCRSA. Because unlicensed cannabis products do not receive state oversight and enforcement of various health and safety requirements, including laboratory testing, consumption of unlicensed cannabis products can pose a significant risk to consumers. In August 2019, the number of emergency department visits related to cannabis vaping products sharply increased, with a total of 2,807 hospitalized cases or deaths reported to federal Centers for Disease Control and Prevention in the United States. It is believed that much of this "vaping crisis" was the result of untested, unlicensed manufactured cannabis products.

Similar claims have been made about the size of the illicit tobacco market in California. A 2023 study commissioned by Altria involved the collection of 15,000 publicly discarded cigarette packs and 4,529 vapor product packages over the range of two months from across 10 California cities. The findings revealed that despite California's ban on flavored tobacco products, nearly all the discarded vapor product packages collected were flavored. While this study was commissioned by a tobacco company, it is likely evident that a growing illicit market for vaping products continues to grow in spite of state efforts to enforce against unlawful products.

While the environmental safety arguments for banning disposable, battery-embedded vapor inhalation devices are cogent, doing so immediately may only further weaken the ability of the regulated industry to compete with illicit actors. Any noncompliant products would have to be immediately pulled from shelves, which would particularly hurt retailers, including those in the cannabis industry who cannot easily pivot to other product lines under MAUCRSA. The author may wish to consider allowing for the prohibition in this bill to be delayed to allow retailers the opportunity to sell through their stock of existing product.

AMENDMENTS:

To delay the effective date of the prohibition on the sale of disposable, battery-embedded vapor inhalation devices while still prohibiting the manufacture or sale of those products, amend subdivision (b) in Section 1 of the bill as follows:

> *(b)(1) On and after January 1, 2027, a person shall not import or manufacture for sale in this state a new or refurbished disposable, battery-embedded vapor inhalation device.*
>
> *(2) On and after January 1, ~~2026~~ 2028, a person shall not sell, distribute, or offer for sale a new or refurbished disposable, battery-embedded vapor inhalation device in this state.*

REGISTERED SUPPORT:

Californians Against Waste *(Co-Sponsor)*
CALPIRG *(Co-Sponsor)*
California Product Stewardship Council *(Co-Sponsor)*
ReThinkWaste *(Co-Sponsor)*
350 Bay Area Action
350 Contra Costa Action
350 Sacramento

350 Ventura County Climate Hub
7th Generation Advisors
A Voice for Choice Advocacy
ACR Solar International Corp.
Action on Smoking and Health
Active San Gabriel Valley
Alameda County Tobacco Control Coalition
Algalita Marine Research and Education
Alliance of Nurses for Healthy Environments
Alma Beltran, Mayor of Parlier
American Academy of Pediatrics, California
American Bird Conservancy
Americans for Nonsmokers' Rights
Association of California Healthcare Districts
Atlas Disposal
Azul
Ban SUP
Bay Area Pollution Prevention Group
Bay Area Student Activists
Bobbie Singh-Allen, Mayor of Elk Grove
Blue Ocean Warriors
Breast Cancer Prevention Partners
Breathe California
Breathe California of the Bay Area, Golden Gate and Central Coast
Breathe California Sacramento Region
Breathe Southern California
CA League of United Latin American Citizens
Cal Poly Center for Health Research
California Communities Against Toxics
California Electronic Asset Recovery
California Health Coalition Advocacy
California League of United Latin American Citizens
California Nurses for Environmental Health and Justice
California Professional Firefighters
California State Association of Counties
California Teamsters Public Affairs Council
Catholic Charities of Stockton
Catholic Charities of the Diocese of Stockton
Center for Environmental Health
Central Contra Costa Sanitary District
Central Contra Costa Solid Waste Authority
Chico Bag
City of Alameda
City of Anderson
City of Arcadia
City of San Jose
City of Thousand Oaks
Clean Earth 4 Kids
Clean Water Action

Climate Action Now
Community Environmental Council
County of Orange
County of Santa Barbara
County of Yolo
Courage California
CR&R Environmental Services
Daniel Sauter District 3 Supervisor, San Francisco
David Newman, Mayor of Thousand Oaks
Defend Our Health
Del Norte Solid Waste Management Authority
Delta Diablo
Eco-Catalyst INC
Ecology Center
Endangered Habitats League
Environmental Action Committee of West Marin
Environmental Protection Information Center
Equity and Wellness Institute
FACTS: Families Advocating for Chemical & Toxics Safety
Faith in Action East Bay
Friends Committee on Legislation of California
Glendale Environmental Coalition
Green Science Policy Institute
Heal the Bay
Ivan's Recycling
James Tucker, Mayor of Imperial
Jan Sabriskie, Mayor of Truckee
Jeff Schmidt, Councilmember of Menlo Park
Just Zero
Kavita Tankha, Mayor of Los Altos Hills
Larry Klein, Mayor of Sunnyvale
League of California Cities
Little Kamper
Los Angeles County Sanitation Districts
Los Angeles Waterkeeper
Margaret Abe-Koga, District 5 Supervisor, Santa Clara County
Margaret Clark, Mayor of Rosemead
Marin Residents for Public Health Cannabis Policies
Marin Sanitary Service
Merced County Regional Waste Management Authority
Mill Valley Refuse Service
Mojave Desert and Mountain Recycling Authority
Napa Recycling and Waste Services
Natural Resources Defense Council
Nicol Jones, Mayor of Villa Park
Non-Toxic Neighborhoods
NorCal Elder Climate Action
Northern California Recycling Association
Oakland Public Works

Oakland Recycles
Ocean Preservation Society
Pacific Beach Coalition
Pacoima Beautiful
Parents Against Vaping
Penny Sylvester, Mayor of Agoura Hills
Physicians for Social Responsibility – Los Angeles
Physicians for Social Responsibility/Sacramento
Plastic Free Future
Plastic Pollution Coalition, a Project of Earth Island Institute
Plastic Soup Foundation
PlasticFreeMarin
Product Stewardship Institute
Project ROPA
Recology Waste Zero
RecycleSmart
Regen Monterey
Republic Services
Rethink Disposable
Rural County Representatives of California
Salinas Valley Solid Waste Authority
San Diego Bird Alliance
San Diego Pediatricians for Clean Air
San Francisco Bay Area Physicians for Social Responsibility
San Luis Obispo County Tobacco Control Coalition
San Luis Obispo Tobacco Control Coalition
Santa Barbara County Resource Recovery & Waste Management Authority
Santa Cruz Climate Action Network
Santa Cruz County Tobacco Education Coalition
Save Our Shores
Save the Albatross Coalition
Save the Bay
Sea Hugger
SEE (Social Eco Education)
Sergio Lopez, Mayor of Campbell
Sespe Creek Collective
Sierra Club California
Silicon Valley Youth Climate Action
Simply Recycle
Smokefree Air for Everyone
SoCal 350 Climate Action
SoCal Elders Climate Action
Social Eco Education
South Tahoe Refuse & Recycling Services
Southern California Public Health Association
Stiiizy
StopWaste
Sunrise Bay Area
Sustainable Mill Valley

Sustainable Works
Swana California Chapters Legislative Task Force
Tehama County Solid Waste Management Agency
The 5 Gyres Institute
The Last Beach Cleanup
The Last Plastic Straw
The Ocean Project
The Salvador E. Alvarez Institute for Non-Violence
The Story of Stuff Project
The Surfrider Foundation
Tobacco Prevention Coalition (Contra Costa)
Tony Ayala, Mayor of Norwalk
Torus Consulting
Town of Los Altos Hills
Town of Truckee
Tri-Ced Community Recycling
Turn Climate Crisis Awareness & Action
Upstream
Veolia North America
Waste Management
Western Placer Waste Management Authority
Wilmington Recyclers
Yosemite Rivers Alliance
Youth Leadership Institute
Zero Waste Marin Joint Powers Authority
Zero Waste San Diego
Zero Waste Sonoma

REGISTERED OPPOSITION:

American Petroleum and Convenience Store Association
BizFed Central Valley
California Asian Pacific Chamber of Commerce
California Business Roundtable
California Cannabis Industry Association
California Cannabis Operators Association
California Chamber of Commerce
California Distribution Association
California Fuels and Convenience Alliance
California Grocers Association
California Hispanic Chambers of Commerce
NorCal Pheonix, Inc.

Analysis Prepared by: Robert Sumner / B. & P. / (916) 319-3301

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1382 Castillo – As Amended January 5, 2026

NOTE: This bill is double referred and if passed by this Committee will be re-referred to the Assembly Committee on Judiciary.

SUBJECT: Ethics Over Aesthetics Act.

SUMMARY: Prohibits selling, offering for sale, or importing for profit a transgenic pet animal in California, subject to certain exceptions.

EXISTING LAW:

1) Establishes the Polanco-Lockyer Pet Breeder Warranty Act, which regulates the sale dogs by dog breeders. (Health and Safety Code (HSC) §§ 122045 *et seq.*)

2) Requires every dog breeder to deliver to each purchaser of a dog a specified written disclosure and record of veterinary treatment. (HSC § 122050)

3) Requires dog breeders to maintain a written record on the health, status, and disposition of each dog for a period of not less than one year after disposition of the dog. (HSC § 122055)

4) Prohibits a dog breeder from knowingly selling a dog that is diseased, ill or has a condition, which requires hospitalization or nonelective surgical procedures. (HSC § 122060)

5) Requires every breeder who sells a dog to provide the purchaser at the time of sale, and a prospective purchaser upon request, with a written notice of rights, including conditions to return a dog and be eligible to receive a refund for an animal or reimbursement for veterinary fees. (HSC § 122100)

6) Establishes the Polanco-Lockyer-Farr Pet Protection Act, which regulates the sale of dogs and cats by pet dealers. (HSC §§ 122125 *et seq.*)

7) Prohibits a pet dealer from possessing a dog that is less than eight weeks old. (HSC § 122155(b))

8) Establishes certain requirements, restitution processes, and consumer rights related to the purchase of a dog by a pet dealer that subsequently falls ill within specified timeframes. (HSC §§ 122160-122190)

9) Prohibits an online pet retailer, as defined, from offering, brokering, making a referral for, or otherwise facilitating a loan or other financing option for the adoption or sale of a dog, cat, or rabbit. (HSC § 122191)

10) Prohibits pet dealers from selling a dog unless it has been examined by a California-licensed veterinarian, and requires that the dealer quarantine any sick or diseased animal separate from the healthy animals until a veterinarian determines the dog is free from infection. (HSC § 122210)

11) Requires every retail pet dealer to conspicuously post a notice indicating the state where the dog was bred and brokered on the cage of each dog offered for sale. (HSC § 122215)

12) Requires any person, dealer, or business selling a dog, cat, or rabbit to a purchaser located in California to provide a written notice that contains information including, but not limited to, the origin and known health records of the animal. (HSC § 122226)

13) Prohibits a pet store operator from selling a live dog, cat, or rabbit in a pet store unless the animal was obtained from a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, humane society shelter, or rescue group that is in a cooperative agreement with at least one private or public shelter, as specified. (HSC § 122354.5(a))

14) Requires pet store operators to maintain specified minimum standards regarding enclosures. (HSC § 122352)

15) Prohibits a public animal control agency or shelter, an animal rescue group displaying animals at a pet store, or an animal rescue group operating a retail establishment from offering dogs, cats, or rabbits for adoption unless the animals are sterilized, and the adoption fees from being more than $500. (HSC § 122354.5(c))

16) Subjects a pet store operator who violates the prohibition on the sale of retail animals, who failed to correct the first notice of a violation to a civil penalty of $1,000 and $5,000 for subsequent violations, as specified. (HSC § 122354.5(d)(2))

17) Prohibits "brokers", as defined, from making available for adoption, selling, or offering for sale a dog under one year of age, a cat, or a rabbit, subject to certain exemptions. (Business and Professions Code § 122365.1)

18) Prohibits the hatchery production and stocking of transgenic species of salmonids. (Fish and Game Code (FGC) § 1210)

19) Prohibits the spawning, incubation, or cultivation of any transgenic fish species in the water of the Pacific Ocean that are regulated by California. (FGC 15007)

THIS BILL:

1) Defines a "cosmetic transgenic trait" as "transgenic trait that alters, modifies, or engineers a transgenic pet animal's appearance or natural functions, which may include, but not be limited to, novel fur, skin, feather, or scale coloring, the removal of claws or vocal cords, or the addition or subtraction of appendages."

2) Defines a "transgenic pet animal" as "a pet animal that possesses a transgenic trait, and includes the progeny of a transgenic pet animal."

3) Defines a "transgenic trait" as "a trait that has been deliberately altered, modified, or engineered, through means not possible under natural conditions, by insertion of a foreign gene using genetic engineering methods, including, but not limited to, the introduction of chromosomes containing artificially transferred genetic material from any other organism or a laboratory construct, regardless of whether the original source's genetic material was

altered, modified, or engineered before insertion, or whether the originally transferred genetic material was inherited through normal reproduction."

4) Prohibits a person from selling, offering for sale, or importing for a profit a transgenic pet animal that possesses a cosmetic transgenic trait in California.

5) Clarifies that this prohibition is not applicable if:

    a. The transgenic trait is for the sole purposes of benefitting the health of the animal,

    b. The transgenic trait is for the sole purpose of enhancing the transgenic pet animal's interaction with humans, and does not alter the natural functions of the animal,

    c. The transgenic pet animal is an aquatic pet species produced through breeding, conjugation, fermentation, hybridization, in vitro fertilization, or tissue culture, and no transgenic organisms are involved.

    d. The transgenic pet animal is an aquatic pet species produced through whole genome ploidy manipulation.

6) Establishes that each transgenic sold, offered or sale, or imported into the state shall be a separate violation, each punishable by a civil penalty of no less than $5,000.

7) Authorizes the district attorney of the county in which a violation occurred to take an action to enforce this bill's provisions.

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

COMMENTS:

Purpose. This bill is sponsored by *Social Compassion in Legislation***.** According to the author:

> AB 1382 is a necessary response to a troubling trend: the commercialization of gene-edited pets. Gene editing should be reserved for advancing medical research and addressing critical ecological challenges, not for turning animals into living accessories. This reckless commercialization trivializes the ethical implications of genetic modification and exposes animals to unknown health risks. Beyond the potential for unintended genetic consequences, introducing gene-edited pets into the mainstream market could have severe repercussions, including disruptions to ecosystems if these animals were to escape or be released. Additionally, it paves the way for exploitative breeding practices, where profit-driven motives outweigh the well-being of the animals involved. Our shelters are already overflowing with overbred dogs, cats and rabbits. California must draw a clear line: animals are not commodities, and we will not allow genetic consumerism to dictate their future.

Background.

State Regulation of Pet Sales. California has a long history of regulating pet sales in the state beyond federal standards, with a number of laws that oversee pet dealers and their businesses, and aim to protect the wellbeing of the animals they sell. The Lockyer-Polanco-Farr Pet Protection Act (Pet Protection Act) establishes requirements on pet dealers in California. When

selling a pet to a consumer, pet dealers must provide purchasers with written information about the animal's health, including any known illnesses or conditions. Additionally, before any dog or cat is sold, it must be examined by a licensed veterinarian to ensure it is free from contagious diseases and fit for sale. The Pet Protection Act also outlines consumer remedies in the event a purchased animal is found to be ill or affected by a congenital or hereditary condition within 15 days of sale, in which case the consumer may be entitled to a refund, an exchange, or reimbursement for veterinary costs. The law also imposes recordkeeping requirements, obligating dealers to retain documentation regarding the source of animals, veterinary treatments, and sales transactions for a specified period. Enforcement of the Pet Protection Act is delegated to local animal control agencies and humane officers, who are authorized to conduct inspections and enforce compliance, and violations of the law may result in civil penalties and administrative actions.

The Pet Store Animal Care Act, contained in Part 6, Chapter 9 of Division 105 of the Health and Safety Code, establishes minimum care and cleanliness standards for animals housed and sold in retail pet stores. The law defines a “pet store” as a retail establishment open to the public that sells or offers for sale animals normally kept as household pets, and outlines detailed requirements for housing, sanitation, feeding, veterinary care, socialization, and environmental enrichment for animals in these stores. Specifically, the law mandates that animals be provided with adequate food and potable water, daily care by competent staff, and housing that ensures comfort through minimum size standards, ventilation, and enrichment devices (i.e., pet toys). Stores must maintain written programs of veterinary care developed in consultation with a licensed veterinarian, and animals showing signs of illness or distress must receive prompt attention. The law also prohibits the sale of animals younger than eight weeks, and requires records of animal origin and health status to be kept for specified periods.

Beyond pet sales that occur in retail settings, California regulates the sale of dogs by dog breeders through the Polanco-Lockyer Pet Breeder Warranty Act (Warranty Act). Under the Warranty Act, “dog breeders” are defined as a person, firm, partnership, corporation, or other association that has sold, transferred, or given away all or part of three or more litters or 20 or more dogs during the preceding 12 months that were bred and reared on the premises of the person, firm, partnership, corporation, or other association. Much like the Pet Protection Act, the Warranty Act allows a consumer to receive a refund or reimbursement should they purchase a sick pet, or a pet that is found to have a hereditary or congenital condition requiring surgery or hospitalization. The Warranty Act further regulates California dog breeders by requiring breeders to provide specific written disclosures, including the breeder’s name, address, information on the dog, and signed statements that the dog has no known diseases or illnesses, as well as a notice of the purchaser’s rights to obtain a refund or reimbursement.

Last year, the Governor signed a trio of bills—AB 506 (Bennett, Chapter 447, Statutes of 2025), AB 519 (Berman, Chapter 478, Statutes of 2025) and SB 312 (Umberg, Chapter 480, Statutes of 2025)—to bring greater transparency and accountability to the commercial dog, cat, and rabbit markets. Specifically, AB 506 established clear contract laws and disclosure requirements that pet sellers’ must abide by when selling one of these animals, and a private right of action for any violation of these requirements. AB 519 banned for-profit pet “brokers” in California, subject to certain exceptions, which prohibits the practice of re-selling a dog, cat, or rabbit that is bred by another individual. Finally, SB 312 established clear guidelines and requirements related to certificates of veterinary inspection (CVIs) for commercial dog importation into California, and required these CVIs be submitted to the Department of Food and Agriculture.

Transgenic Animals. Transgenic animals are genetically modified organisms (GMOs) that have had a foreign gene from another species deliberately inserted into their genome, thus altering their genetic structure and producing a physiological characteristic that does not naturally occur in the organism. Transgenic animals are often used for research or medical purposes; for example, transgenic mice that are modified to can help scientists study the effects of diseases and potential treatments, and recently, the genes of pigs are being modified to develop new solutions for organ transplant. In 2023, scientists at the University of Maryland School of Medicine successfully performed a transplant of a transgenic pig heart into a patient with end-stage cardiovascular disease.

While transgenic animals are primarily used in the fields of science and medicine, there are examples in past decades of transgenic animals being developed for purposes of pet sales and companionship. In 2003, after years of research stemming from breakthroughs in adding fluorescent jellyfish proteins into certain fish species for purposes of studying migration patterns, Yorktown Technologies began to market and sell fluorescent "GloFish" in the United States. Despite early protests from animal rights and consumer watchdog groups, and an initial ban in California, GloFish are sold across the U.S. as ornamental fish and come in many different species: zebrafish, black tetra, rainbow sharks, and more.

Recently, breakthroughs in genomic research and gene editing technology have led to new innovations—and ethical concerns—related to the development of transgenic animals, and particularly transgenic pets. As recently detailed in an article from technology magazine *Wired*, a new startup called "The Los Angeles Project" is experimenting with genetically engineering cosmetic traits in animals, such as glow-in-the-dark rabbits and horned "unicorn" horses. Specifically, the Los Angeles Project has been using methods such as CRISPR gene editing, and "restriction enzyme mediated integration", or "REMI", to delete or integrate new genes in the embryos of species like frogs, hamsters, and rabbits. While such methods have been used in the past for purposes of scientific and medical research, founders of the Los Angeles Project have expressed clear intent in developing transgenic animals for the consumer pet market.

Another recent example of transgenic animals in the news involves the "revival" of the extinct dire wolf by biotechnology company Colossal Biosciences. Receiving significant media coverage, Colossal analyzed a 13,000-year-old dire wolf tooth and a 72,000-year-old ear bone to modify the DNA of gray wolves via CRISPR gene editing to reproduce traits found in the dire wolf samples, such as larger heads, broader shoulders, and a lighter coat. These modified cells were then transferred to denucleated egg cells and implanted into surrogate domesticated dogs. The first "dire wolf" puppies were born in September 2024, and another successfully born in January 2025. Colossal Biosciences has expressed their intent to "de-extinct" other species, such as wooly mammoths, with the eventual goal of reintroducing such species into nature.

Federal and State Regulation of Transgenic Animals. In general, genetically modified animals—and genetically modified organisms generally—are regulated federally by the Food and Drug Administration. The FDA has three categories of what it deems "Intentional Genetic Alterations", or IGAs, measured by the risk associated with the IGA product or animal. Risk is measured based on a number of factors, such as the risk to the animal or animal species, the potential to harm consumers or food supplies, and possible environmental impacts.

Specific to regulating transgenic animals produced solely for the consumer market, the FDA has taken little regulatory action. In fact, in December 2003 the agency expressly permitted the

commercial sale of GloFish after the pets first began being sold in the market. In its risk assessment, the FDA stated:

> Because tropical aquarium fish are not used for food purposes, they pose no threat to the food supply. There is no evidence that these genetically engineered zebra danio fish pose any more threat to the environment than their unmodified counterparts which have long been widely sold in the United States. In the absence of a clear risk to the public health, the FDA finds no reason to regulate these particular fish.

In California, however, regulators have taken a more careful approach. The California Department of Fish and Wildlife (CDFW), via direction from the California Fish and Game Commission (CFGC), regulates the importation, possession, and transport of a wide variety of mammal and aquatic species, including a specific list of "Restricted Species" that are prohibited from being sold or possessed in the state unless expressly permitted by the Commission. Under these restrictions, "Transgenic Aquatic Animals" are included, and are specified to include "freshwater and marine fishes, invertebrates, amphibians, and reptiles".

Regarding GloFish specifically, the CFGC voted in 2004 to deny permission to sell or possess GloFish in California, despite the FDA's then-recent risk assessment permitting the commercialization of GloFish nationally. Commissioners cited concerns regarding potential impact to state ecosystems, and sided with consumer watchdogs who argued the FDA review process was slapdash. California's ban on the sale of GloFish remained for over a decade, until in January 2016 the CDFW issued a letter to Yorktown Technologies reversing the 2004 decision and expressly permitting the sale and possession of GloFish in California. In its letter to Yorktown Technologies, CDFW wrote: "Based on information provided to the California Department of Fish and Wildlife, including species information, scientific reviews, and risk assessments, CDFW determined that … [GloFish] … are not detrimental to and pose no reasonably foreseeable risk to California's native fish, wildlife, or plants." Since 2016, subsequent CDFW letters and correspondence have affirmed that GloFish are legal to be sold and possessed in the state.

With concern for the ethical and environmental impacts associated with recent transgenic animal innovations, the author and sponsor have put forward this measure to ban the sale and for-profit import of transgenic pet animals that possess a cosmetic genetic trait. "Cosmetic genetic traits" are defined as "a transgenic trait that alters, modifies, or engineers a transgenic pet animal's appearance or natural functions, which may include, but not be limited to, novel fur, skin, feather, or scale coloring, the removal of claws or vocal cords, or the addition or subtraction of appendage". The bill clarifies that transgenic traits that are either "for the sole purpose of benefiting the health of the… animal" or for "enhancing the [animal's] interaction with humans" (such as promoting hypoallergenic traits) are exempt from this prohibition. Further, recognizing the existing market and proven safety of transgenic pet fish like GloFish, the bill exempts such aquatic pets from the prohibition as well. Each violation of a prohibition under this bill would be punishable by a civil penalty of no less than $5,000 per violation, and authorizes the district attorney of the county in which a violation occurred to take an action to enforce this bill's provisions.

In short, the author and sponsor have put forward this measure to ask the Legislature if, while commercial scientists become increasingly occupied with whether cosmetic traits *could* be added to animals through gene manipulation, whether such traits *should* be.

Prior Related Legislation. AB 506 (Bennett), Chapter 447, Statutes of 2025 specified information that must be included in a contract between a buyer and pet seller, prohibit such contracts from requiring a nonrefundable deposit, and provide consumer remedies and rights of action for contracts.

AB 519 (Berman), Chapter 478, Statutes of 2025 prohibited "brokers", as defined, from selling, offering for sale, or making available for adoption any dog, cat, or rabbit, subject to certain exemptions.

SB 312 (Umberg), Chapter 480, Statutes of 2025 expands requirements related to obtaining and submitting a health certificate to the Department of Food and Agriculture (CDFA) when selling or importing dogs into California, and require the CDFA to retain, and make available upon request, information related to the health certificates.

AB 2380 (Maienschein), Chapter 548, Statutes of 2022 prohibited an online pet retailer, as defined, from offering a loan or other financing for the adoption or sale of a dog, cat, or rabbit.

AB 2152 (Gloria & O'Donnell), Chapter 96, Statutes of 2020 prohibited a pet store from selling dogs, cats, or rabbits, but allows a pet store to provide space to display animals for adoption if the animals are displayed by either a shelter or animal rescue group, as defined, and establishes a fee limit, inclusive of the adoption fee, for animals adopted at a pet store.

AB 485 (O'Donnell), Chapter 740, Statutes of 2017 prohibited, beginning January 1, 2019, a pet store operator from selling a live cat, dog, or rabbit in a pet store unless they are offered through a public animal control agency or shelter, specified nonprofit, or animal rescue or adoption organization, as defined.

ARGUMENTS IN SUPPORT:

This bill is sponsored by *Social Compassion in Legislation*, who writes: "Driven by advancements in genetic modification technologies, the intentional genomic alteration of animals has become a frontier for development. While investments have been made to further this endeavor for potentially beneficial medical advancements, some companies have begun the development of genetically modified cats, dogs, and other pets with altered appearances to fulfil consumer demand for "designer" traits, despite unknown long-term health risks. These genetic modifications run the risk of prioritizing aesthetics over the well-being of the animal, as well as drive consumer demand for novelty pets when there already exists a pet overpopulation crisis."

ARGUMENTS IN OPPOSITION:

None on file.

REGISTERED SUPPORT:

Social Compassion in Legislation *(Sponsor)*
Angel's Furry Friends Rescue
Animal Legal Defense Fund
Animal Rescuers for Change
Animal Wellness Action
Berkeley Animal Rights Center

Better Together Forever
Born Again Animal Rescue and Adoption
Compassionate Bay
Concerned Citizens Animal Rescue
Doggie Business Dog Training
Feline Lucky Adventures
Fine Tuning Dog Training
Giantmecha Syndicate
Greater Los Angeles Animal Spay Neuter Collaborative
Hugs and Kisses Animal Fund
Latino Alliance for Animal Care Foundation
Leaders for Ethics, Animals, and the Planet (LEAP)
Los Angeles County Democrats for the Protection of Animals
Los Angeles Democrats for the Protection of Animals
Los Angeles Rabbit Foundation
Michelson Center for Public Policy
NY 4 Whales
Pibbles N Kibbles Animal Rescue
Plant-based Advocates
Project Minnie
Rabbit Savior
Rabbit.org Foundation
Real Good Rescue
San Diego Companion Rabbit Society
Seeds 4 Change Now Animal Rescue
Seniors Citizens for Humane Education and Legislation
Start Rescue
Students Against Animal Cruelty Club - Hueneme High School
The Animal Rescue Mission
The Canine Condition
The Pet Loss Support Group
The Spayce Project
Underdog Heroes
Women United for Animal Welfare
World Animal Protection
930 Individuals

REGISTERED OPPOSITION:

None on file.

Analysis Prepared by: Edward Franco / B. & P. / (916) 319-3301