California State Assembly

BUSINESS AND PROFESSIONS

MARC BERMAN
CHAIR

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

AGENDA

Tuesday, April 14, 2026
9 a.m. -- 1021 O Street, Room 1100

BILLS HEARD IN FILE ORDER

	1.	AB 1598	Quirk-Silva	Behavioral sciences.
	2.	AB 1703	Hart	Osteopathic physicians and surgeons: unauthorized practice: unauthorized use of titles.
*	3.	AB 1733	Lee	License and registration renewal: continuing education.
	4.	AB 1794	Ransom	Pharmacy: enteral products.
	5.	AB 1826	Lackey	Cannabis: recall, embargo, and destruction of cannabis and cannabis products.
	6.	AB 1850	Irwin	Real estate: wholesaling.
	7.	AB 1990	Gipson	Pharmacy Law: compounded medications: consumer protection.
	8.	AB 1999	Kalra	Veterinary medicine.
	9.	AB 2130	Haney	State Athletic Commission: boxing and mixed martial arts: sponsorship contracts.
	10.	AB 2249	Irwin	Cannabis: labels, packaging, and manufacturing.
	11.	AB 2402	Boerner	Health studio contracts: fee limits: multiservice health club studio.
	12.	AB 2532	Irwin	Cannabis: labels, packaging, and manufacturing.
	13.	AB 2537	Chen	Cannabis Enforcement Accountability and Public Health Prioritization Act of 2026.
*	14.	AB 2667	Hadwick	Vape products: household hazardous waste: advertising.

* *Proposed for Consent*

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1598 (Quirk-Silva) – As Amended March 18, 2026

SUBJECT: Behavioral sciences.

SUMMARY: Repeals a requirement for associates registered with the Board of Behavioral Sciences (BBS or board) to attempt the California law and ethics examination each year as a condition of registration renewal; establishes a seven-year age limit on scores for the California law and ethics examination; extends the validity of supervised experience hours from six years to seven years, increases the maximum number of times associates may renew their registration from five to six, establishes a limited exception for associates to continue working in private practice with a subsequent registration number; and clarifies the pastoral counseling exemption in the Marriage and Family Therapist Act, Clinical Social Worker Practice Act, and the Professional Clinical Counselor Act.

EXISTING LAW:

1) Establishes the BBS under the Department of Consumer Affairs for purposes of implementing and enforcing the Licensed Marriage and Family Therapist Act, Educational Psychologist Practice Act, Clinical Social Worker Practice Act, and Licensed Professional Clinical Counselor Act. (Business and Professions Code (BPC) § 4990)

2) Specifies that the Marriage and Family Therapist Act, Clinical Social Worker Practice Act, and Professional Clinical Counselor Act are not to be construed to constrict, limit, or withdraw the Medical Practice Act, the Nursing Practice Act, or the Psychology Licensing Law. (BPC §§ 4980.01(a), 4996.14(a), and 4999.22(b))

3) Exempts from the Marriage and Family Therapist Act and the Professional Clinical Counselor Act any priest, rabbi, or minister of the gospel of any religious denomination when performing counseling services as part of their pastoral or professional duties, or any person who is admitted to practice law in the state, or a physician and surgeon who provides counseling services as part of their professional practice. (BPC §§ 4980.01(b) and 4999.22(c))

4) Exempts from the Clinical Social Worker Practice Act a priest, rabbi, or minister of the gospel of any religious denomination. (BPC § 4996.13(f))

5) Prohibits a person from engaging in the practice of marriage and family therapy, advertising that they perform the services of a marriage, family, child, domestic, or martial consultant, or using titles, names, words, initials, or symbols to imply that they perform marriage and family therapy services, unless the person holds a valid license as a marriage and family therapist, except a licensed clinical social worker or psychologist. (BPC § 4980)

6) Specifies that nothing in the Clinical Social Worker Practice Act shall prevent qualified members of other professional groups from doing work of a psychosocial nature consistent with the standards and ethics of their respective professions. However, they cannot hold themselves out to the public by any title or description of services incorporating the words

psychosocial or clinical social work, nor state or imply that they are licensed to practice clinical social work. Qualified members of other professional groups include, but are not limited to, physicians and surgeons, psychologists, and members of the State Bar of California. (BPC § 4996.13)

7) Specifies that nothing in the Licensed Professional Clinical Counselor Act shall prevent qualified persons from doing work of a psychosocial nature consistent with the standards and ethics of their respective professions. However, they cannot hold themselves out to the public by any title or description of services incorporating the words "licensed professional clinical counselor" and shall not state that they are licensed to practice licensed professional clinical counseling, unless they are otherwise licensed to provide professional clinical counseling services. (BPC § 4999.22)

8) Requires a registrant or applicant for licensure as a marriage and family therapist to pass a California law and ethics examination and a clinical examination, as specified. (BPC § 4980.379(a))

9) Authorizes the board to issue a clinical social worker or professional clinical counselor license to a qualified applicant who passes the California law and ethics examination and a clinical examination. (BPC §§ 4996.1 and 4999.50)

10) Requires associates, upon registration with the board, to take an examination on California law and ethics within the first year of registration. (BPC §§ 4980.397(b), 4992.05(b), and 4999.53(b))

11) Specifies that a registrant or an applicant for licensure as a marriage and family therapist, clinical social worker, or professional clinical counselor may take the clinical examination only upon meeting all of the following requirements:

    a) Completion of all required supervised work experience.

    b) Completion of all education requirements.

    c) Passage of the California law and ethics examination.

    (BPC §§ 4980.397(c), 4992.05(c), and 4999.53(c))

12) Requires each marriage and family therapist, clinical social worker, and professional clinical counselor applicant and registrant to obtain a passing score on a board-administered California law and ethics examination to qualify for licensure. A registrant must take the exam before their registration renewal. If an applicant fails the California law and ethics examination, they may retake it upon payment of the required fees without further application. The board cannot issue a subsequent registration number unless the applicant has passed the California law and ethics examination. (BPC § 4980.399(a)-(d), 4992.09(a)-(d), and 4999.55(a)-(d))

13) Requires marriage and family therapist, clinical social worker, and professional clinical counselor registrants to complete a minimum of three hours of continuing education in the subject of California law and ethics during each renewal period to renew their registration,

regardless of whether they have passed the California law and ethics examination. (BPC §§ 4980.399(e), 4992.09(e), and 4999.55(e))

14) Requires all applicants for a marriage and family therapist or professional clinical counselor license to have an active associate registration with the board to gain post-degree hours of supervised experience, except as specified, and requires hours of experience to have been gained no more than six years prior to the date the application for licensure is received by the board, except as specified. (BPC §§ 4980.43(a) and (c)(7), and 4999.46(a) and (e))

15) Specifies that an applicant for a marriage and family therapist license or clinical social work license shall not be eligible to participate in the clinical examination if the applicant fails to obtain a passing score on the clinical examination within seven years from their initial attempt, unless the applicant takes and obtains a passing score on the current version of the California law and ethics examination. (BPC §§ 4980.50(g) and 4992.1(g))

16) Specifies that if the clinical examination is not passed within seven years of a professional clinical counselor license applicant's initial attempt, the applicant must obtain a passing score on the current version of the California law and ethics exam to be eligible to retake the clinical examination. (BPC §4999.52(i))

17) Specifies that a passing score on the clinical examination for a marriage and family therapist license, clinical social worker, or professional clinical counselor license must be accepted by the board for a period of seven years from the date the examination was taken. (BPC §§ 4980.50(h), 4992.1(h), and 4999.52(j))

18) Specifies that the associate marriage and family therapist, associate clinical social worker, and associate professional clinical counselor registration expires one year from the last day of the month in which it was issued. To renew the registration, the registrant must, on or before the registration's expiration date, complete specified actions, including participating in the California law and ethics examination each year until successful completion. Registration may be renewed up to 5 times. No registration may be renewed or reinstated beyond six years from the last day of the month during which it was issued, regardless of whether it has been revoked. An applicant who is issued a subsequent associate registration number shall not be employed or volunteer in private practice. (BPC §§ 4984.01, 4996.28, and 4999.100)

19) Establishes a $20 fee for rescoring an examination. (BPC §§ 4984.7(a)(5), 4989.68(a)(6), 4996.3(a)(5), and 4999.120(a)(9))

20) Specifies that an applicant for an educational psychologist license shall not be credited with experience obtained more than six years immediately preceding the date on which the application was received by the board. (BPC § 4989.20(a)(5), (6)(B), and (7)(B))

21) Specifies that a passing score on the licensed educational psychologist written examination administered by the board must be accepted by the board for a period of seven years from the date the examination was taken. (BPC § 4989.20(a)(8))

THIS BILL:

1) Specifies that nothing in the Marriage and Family Therapist Act shall prevent qualified members of other professional groups from doing work of a psychosocial nature consistent

with the standards, ethics, and scope of practice of their respective professions; prohibits qualified members from holding themselves out to the public by any title or description of services incorporating the words "psychosocial," "psychotherapy," or "marriage and family therapist," and from stating or implying that they are licensed or registered to practice marriage and family therapy. Qualified members of other professional groups include, but are not limited to, physicians and surgeons, registered nurses, psychologists, members of the State Bar, educational psychologists, clinical social workers, and professional clinical counselors.

2) Specifies that nothing in the Clinical Social Worker Practice Act shall prevent qualified members of other professional groups from doing work of a psychosocial nature consistent with the standards, ethics, and *scope of practice* of their respective profession (emphasis added to distinguish from existing law); prohibits qualified members from holding themselves out to the public using any title or description of services incorporating the word "psychotherapy" or stating that they are registered to practice clinical social work; and adds registered nurses and educational psychologists to the list of qualified members of other professional groups.

3) Specifies that nothing in the Professional Clinical Counselor Practice Act shall prevent qualified *members* of other professional groups from doing work of a psychosocial nature consistent with the standards, ethics, and *scope of practice* of their respective profession (emphasis added to distinguish from existing law); prohibits qualified members from holding themselves out to the public using any title or description of services incorporating the words "psychosocial" or "psychotherapy" or stating that they are registered to practice professional clinical counseling; and specifies that qualified members of other professional groups, include but are not limited to, physicians and surgeons, registered nurses, psychologists, members of the State Bar, marriage and family therapists, educational psychologists, and clinical social workers.

4) Expands an exemption for priests, rabbis, and ministers in the Marriage and Family Therapist Act, Clinical Social Worker Practice Act, and Professional Clinical Counselor Act to an imam or other religious official of any denomination; clarifies that the exemption is for faith-based counseling services as part of their regular professional duties for an established and legally recognizable faith-based entity, such as a church, synagogue, mosque, or other recognized religious organization; and establishes the following criteria to claim the exemption:

    a) The services are performed solely under the direct auspices of that faith-based entity.

    b) A separate fee, beyond their customary compensation from that faith-based entity, is not charged or received.

    c) They do not hold themselves out to the public by any title or description of services incorporating the words "psychosocial," "psychotherapy," "marriage and family therapist," "clinical social worker," or "professional clinical counselor," and do not state or imply that they are licensed or registered to practice marriage and family therapy, clinical social work, or professional clinical counseling.

    d) The services provided are limited to counseling services provided in a religious or spiritual context and do not involve the diagnosis or treatment of mental health disorders.

5) Repeals requirements for associates to take a California law and ethics examination within the first year of registration and every year thereafter until successful completion of the examination, and requires the board to grant eligibility to take the California law and ethics examination upon approval of an application for registration or an application for licensure and submission of the required application and fee.

6) Repeals language allowing a registrant or applicant for licensure to take the clinical exam only upon completion of all supervised work experience and education requirements and passage of the California law and ethics examination, and instead *authorizes the Board to grant* an application for licensure *eligibility* to take the clinical exam if those requirements are met (emphasis added to distinguish from existing law).

7) Specifies that, after January 1, 2030, the California law and ethics examination shall be passed no more than seven years prior to the board's receipt of the application for initial license issuance.

8) Authorizes the board to establish a waiting period to retake the California law and ethics examination and requires an applicant to submit a reexamination application.

9) Prohibits the board from issuing a subsequent *associate* registration number unless the applicant has passed the California law and ethics examination *no more than seven years prior to the board's receipt of the application for the subsequent associate registration number* (emphasis added to distinguish from existing law).

10) Authorizes associates' supervised experience hours to be gained within seven years (currently six years) prior to the date the application for licensure was received by the board, except as specified.

11) Requires the clinical exam for marriage and family therapists, clinical social workers, and professional clinical counselors to be passed no more than seven years prior to the board's receipt of the application for initial license issuance (currently seven years from the date the examination was taken).

12) Allows associate registration to be renewed a maximum of six times (currently five) and prohibits a registration from being renewed or reinstated beyond seven years (currently six) from the last day of the month during which it was issued.

13) Allows an applicant applying for or who currently holds a subsequent associate registration number to request that the board grant them a one-time, two-consecutive-year hardship extension to allow them to be employed or volunteer at one private practice or professional corporation employer with their subsequent associate registration number, as specified.

14) Repeals the fee for rescoring an examination.

15) Allows an applicant for an educational psychologist license to be credited with experience obtained within seven years (currently six years) immediately preceding the date on which the application for licensure was received by the board.

16) Requires the licensed educational psychologist written examination administered by the board to be passed no more than seven years prior to the board's receipt of the application for initial license issuance (currently seven years from the date the examination was taken).

17) Repeals and recasts various provisions, deletes obsolete language, and makes other technical, clarifying, and conforming changes.

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

COMMENTS:

Purpose. This bill is sponsored by the *California Board of Behavioral Sciences*. According to the author:

> California continues to face a shortage of behavioral health professionals while the need for services continues to grow. Unfortunately, current licensing timelines can unintentionally delay qualified applicants who experience life events such as medical leave, caregiving responsibilities, or financial hardship. [This bill] modernizes the Board's licensing process to better address real-world challenges faced by applicants, without compromising the standards required for safe and competent practice.

Background. The BBS is responsible for the regulatory oversight of over 148,000 licensees and registrants, including licensed marriage and family therapists and associate marriage and family therapists, licensed clinical social workers and associate clinical social workers, licensed educational psychologists, and licensed professional clinical counselors and associate professional clinical counselors. Each profession has its own scope of practice, entry-level requirements, and professional settings, with some overlap in areas.

Registration and licensure. Prior to licensure as a marriage and family therapist, clinical social worker, or professional clinical counselor, applicants must have completed all education, supervised experience, and examination requirements. After obtaining a qualifying master's degree, individuals may apply for registration as an associate. Registration allows associates to work under supervision while accumulating the required 3,000 supervised experience hours for licensure. During their registration period, associates must take the California law and ethics examination each renewal period until they pass. Associates must also pass a practice-specific clinical examination. Associate registrations are valid for five renewal periods and expire six years from the original issuance date. If an individual has not completed the necessary supervised experience hours or met licensure requirements within this timeframe, they may apply for a subsequent registration. This additional registration permits them to continue working under supervision and collecting hours, but prohibits them from working or volunteering in a private practice or a professional corporation.

According to the author's office, the board's Workforce Development Committee reviewed the licensing framework for marriage and family therapists, clinical social workers, professional clinical counselors, and educational psychologists, and identified opportunities to reduce unnecessary administrative barriers while maintaining public protection. The board recommended statutory updates to extend timelines for supervised experience and exam validity and align associate registration limits with those timelines. This bill repeals requirements for associates to take the California law and ethics exam within the first year of registration and every year thereafter until they pass. Instead, this bill would allow associates to choose when to

take the exam and authorize the board to establish a waiting period before an associate who fails the California law and ethics examination can retake it. Additionally, this bill establishes a seven-year age limit on the California law and ethics examination and prohibits the board from issuing a subsequent registration number unless the applicant has passed the California law and ethics examination within seven years of the board's receipt of their application. This bill also requires applicants for licensure to have passed their respective clinical examination within seven years of the board's receipt of their licensure application. Clinical examination scores are currently valid for seven years from the examination date. This bill also increases the maximum number of times associates may renew their registration from five to six and allows a registration to be renewed or reinstated within seven years (currently six) from the last day of the month during which it was issued. Additionally, this bill would create a narrow exemption for an applicant applying for or who currently holds a subsequent registration number to request a one-time, two-consecutive-year hardship extension to continue working or volunteering in private practice if among other things the applicant shows good cause for being unable to complete the licensure process within seven years and provides a plan to gain the needed hours toward licensure during the extension period.

Applicants for an educational psychologist license must obtain a qualifying master's degree and complete 60 semester or 90 quarter units of postgraduate coursework. Applicants are not required to register with the board while gaining experience, but they must have at least two years of full-time experience as a credentialed school psychologist in public schools or equivalent experience in private or parochial schools. Additionally, applicants must complete either one year of supervised experience in a school psychology program or an additional year of full-time experience as a credentialed school psychologist in public schools under the direction of a licensed educational psychologist or licensed psychologist. Applicants are required to take only one examination, the LEP Written Examination, developed and administered by the board. This bill would establish a seven-year age limit for experience gained to count to licensure (currently six years) and require the licensure examination to be passed within seven years of the board's receipt of the application for an initial license (currently seven years from the date the examination was taken).

The author's office contends that this bill will reduce barriers to licensure that can disproportionately affect individuals from low-income communities and communities of color, as licensure requires thousands of supervised hours, often at low wages. By extending timelines and providing a hardship exemption for associates to continue earning hours in private practice under a subsequent registration number, the author's office asserts that this bill affords applicants flexibility to complete licensure requirements while maintaining professional standards.

Pastoral counseling exemption. The Marriage and Family Therapist Practice Act, the Licensed Professional Clinical Counselor Act, and the Clinical Social Worker Practice Act exempt counseling services provided by a priest, rabbi, or minister. According to the author's office, "the Board's exemption for pastoral counseling is vague, and not specific enough to take disciplinary actions in cases where an individual was claiming a pastoral counseling exemption, but the Board believes the services they were providing were not of a pastoral nature." As such, this bill clarifies that the exemption applies to faith-based counseling services provided by a priest, rabbi, minister, imam, or other religious official of any denomination as part of their regular professional duties for an established and legally recognized faith-based entity, such as a church, synagogue, or mosque. This bill also establishes criteria to claim the exemption. First, the services must be performed solely under the direct auspices of that faith-based entity. Second, the

religious official may not charge a separate fee for their counseling services. Third, the religious official may not hold themselves out to the public by any title or description of services incorporating the words "psychosocial," "psychotherapy," "marriage and family therapist," "clinical social worker," or "professional clinical counselor," or state or imply that they are licensed or registered to practice those professions. Lastly, the services must be limited to counseling services provided in a religious or spiritual context and cannot involve the diagnosis or treatment of mental health disorders.

Exemptions for qualified members of other professional groups. The Marriage and Family Therapist Act, Clinical Social Worker Practice Act, and Professional Clinical Counselor Act specify that they are not to be construed to constrict, limit, or withdraw the Medical Practice Act, the Nursing Practice Act, or the Psychology Licensing Law. Moreover, each practice act exempts various members of other professional groups, such as physicians, registered nurses, psychologists, attorneys, and other behavioral health professionals, though the exemptions are inconsistent across the practice acts. This bill attempts to standardize the exemptions across all three practice acts such that qualified members of other professional groups, including but not limited to physicians, registered nurses, psychologists, attorneys, and other licensees of the board, may do work of a psychosocial nature consistent with the standards, ethics, and *scope of practice* of their respective profession (emphasis added to distinguish from existing law). Moreover, the bill prohibits these qualified members from using any title or description of services that incorporates the words "psychosocial" or "psychotherapy," or stating that they are registered to practice marriage and family therapy, educational psychology, clinical social work, or professional clinical counseling, as applicable.

This bill also repeals and recasts various provisions, deletes obsolete language, and makes other technical, clarifying, and conforming changes.

Prior Related Legislation. SB 775 (Ashby), Chapter 787, Statutes of 2025, extended the board's sunset date until January 1, 2030, and made additional technical changes, statutory improvements, and policy reforms in response to issues raised during the board's sunset review oversight process.

AB 1759 (Aguiar-Curry), Chapter 520, Statutes of 2022, as it relates to this bill, required BBS associates to complete a three-hour continuing education course each renewal cycle in California law and ethics.

ARGUMENTS IN SUPPORT:

As the sponsor of this bill, the *California Board of Behavioral Sciences* writes in support:

> Becoming licensed requires completing a graduate degree, passing multiple exams, and accumulating thousands of hours of supervised experience—often while earning low wages. The process is time-consuming and costly, and many individuals experience life events such as medical issues, caregiving responsibilities, or financial hardship that may delay or interrupt their progress. These challenges can disproportionately affect individuals from underrepresented communities and contribute to workforce shortages in behavioral health. This bill aims to make the path to licensure more accessible and responsive to real-world challenges faced by applicants without compromising the standards required for safe and competent practice…Additionally, this bill modernizes the exemption language for faith-based counseling by clarifying the criteria for when

faith-based counseling is exempt from licensure. These changes will help ensure the licensure process is fair, practical, and aligned with the needs of today's behavioral health workforce.

POLICY ISSUE(S) FOR CONSIDERATION:

"Psychosocial" and "psychotherapy" advertising prohibitions. The California Medical Association and the California Psychological Association are concerned about language in the bill that would restrict psychiatrists and psychologists from using titles or descriptions of services using the words "psychosocial" or "psychotherapy" despite the nature of their work.

IMPLEMENTATION ISSUES:

Misnomer. BPC § 4996.13 erroneously refers to "this article," but should say "this chapter." The author may wish to correct this misnomer as the bill moves forward.

AMENDMENTS:

1) In response to the policy issue cited above, and to correct grammatical errors, this bill will be amended as follows at the author's request:

- On page 3, strike out lines 3 to 8, inclusive, on page 4, strike out lines 2 to 19, inclusive, in line 20, strike out "(b)" and insert:

  4980.01. *(a)*

- On page 4, between lines 27 and 28, insert:

  (b) This chapter shall not apply to any person who is admitted to practice law in the state, or a physician and surgeon who provides counseling services as part of their professional practice.

- On page 4, in line 34, strike out "met." and insert:

  met:

- On page 11, in line 37, strike out "examination," and insert:

  examination

- On page 11, in line 39, strike out "chapter," and insert:

  chapter

- On page 20, in line 30, strike out "examination," and insert:

  examination

- On page 22, in line 34, strike out ""psychosocial," "psychotherapy," or"

- On page 27, in line 13, strike out ""psychosocial," "psychotherapy," or"

- On page 27, between lines 38 and 39, insert:

  (c) This chapter shall not apply to any person who is admitted to practice law in this state, or who is licensed to practice medicine, who provides counseling services as part of their professional practice.

- On page 27, in line 39, strike out "(c)" and insert:

  (d)

- On page 28, in line 19, strike out "(d)" and insert:

  (e)

- On page 29, in line 7, strike out "(e)" and insert:

  (f)

- On page 29, in line 7, strike out "(c) and (d)," and insert:

  (d) and (e),

REGISTERED SUPPORT:

California Board of Behavioral Sciences (Sponsor)

REGISTERED OPPOSITION:

There is no opposition on file.

Analysis Prepared by: Kaitlin Curry / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1703 (Hart) – As Amended February 23, 2026

SUBJECT: Osteopathic physicians and surgeons: unauthorized practice: unauthorized use of titles.

SUMMARY: Prohibits any person who is not licensed by the Osteopathic Medical Board of California (OMBC) from professionally using the title "osteopath" or other terms implying they are a licensed osteopathic physician and surgeon, and prohibits alternative or complementary care providers from providing osteopathic manipulative treatment without a license.

EXISTING LAW:

1) Makes it unlawful for any healing arts licensee to publicly communicate a false, fraudulent, misleading, or deceptive statement, claim, or image for the purpose of or likely to induce, directly or indirectly, the rendering of professional services in connection with the professional practice or business for which they are licensed. (Business and Professions Code (BPC) § 651)

2) Enacts the Medical Practice Act, which provides for the licensure and regulation of physicians and surgeons. (BPC §§ 2000 *et seq.*)

3) Establishes the Medical Board of California (MBC), a regulatory board within the Department of Consumer Affairs (DCA) responsible for administering and enforcing the Medical Practice Act. (BPC § 2001)

4) Establishes the OMBC, which regulates osteopathic physicians and surgeons under the Osteopathic Act who possess effectively the same practice privileges and prescription authority as those regulated by MBC but with a training emphasis on diagnosis and treatment of patients through an integrated, whole-person approach. (BPC §§ 2450 *et seq.*)

5) Provides that references to the MBC or the term "board" refer to the OMBC where that board exercises the functions granted to it by the Osteopathic Act. (BPC § 2451)

6) Defines "osteopathic manipulative treatment" as the therapeutic application of manually guided forces by an osteopathic physician and surgeon to alleviate somatic dysfunction. (BPC § 2459.6)

7) Provides that any person who practices or attempts to practice, or who advertises or holds themselves out as practicing, any system or mode of treating the sick or afflicted in California, or who diagnoses, treats, operates for, or prescribes for any ailment, blemish, deformity, disease, disfigurement, disorder, injury, or other physical or mental condition of any person, without having at the time of so doing a valid, unrevoked, or unsuspended certificate as a physician and surgeon or without being otherwise authorized to perform the act is guilty of a crime. (BPC § 2052)

8) Allows for an unlicensed person to provide alternative or complementary care without being subject to prosecution for the unlicensed practice of medicine unless they do any of the following:

   a) Conduct surgery or any other procedure on another person that punctures the skin or harmfully invades the body.

   b) Administer or prescribe X-ray radiation to another person.

   c) Prescribe or administer legend drugs or controlled substances to another person.

   d) Recommend the discontinuance of legend drugs or controlled substances prescribed by an appropriately licensed practitioner.

   e) Willfully diagnose and treat a physical or mental condition of any person under circumstances or conditions that cause or create a risk of great bodily harm, serious physical or mental illness, or death.

   f) Set fractures.

   g) Treat lacerations or abrasions through electrotherapy.

   h) Hold out, state, indicate, advertise, or imply to a client or prospective client that the person is a physician and surgeon.

   (BPC § 2053.5(a))

9) Requires a person who advertises alternative or complementary care services to disclose in the advertisement that they are not licensed by the state as a healing arts practitioner. (BPC § 2053.5(b))

10) Requires a person who provides alternative or complementary care services to first disclose the following information to the client in writing in a language that the client understands, and requires the information to be acknowledged in writing by the client:

   a) That the practitioner is not a licensed physician.

   b) That the treatment is alternative or complementary to healing arts services licensed by the state.

   c) That the services to be provided are not licensed by the state.

   d) The nature of the services to be provided.

   e) The theory of treatment upon which the services are based.

   f) The practitioner's educational, training, experience, and other qualifications regarding the services to be provided.

   (BPC § 2053.6)

11) Prohibits any person who does not have a valid, unrevoked, and unsuspended certificate as a physician and surgeon from the MBC or the OMBC from using the words "doctor" or "physician," the letters or prefix "Dr.," the initials "M.D." or "D.O.," or any other terms or letters indicating or implying that they are a physician in any sign, business card, letterhead, or advertisement, or in a health care setting where a reasonable patient would be led to determine that person is a licensed M.D. or D.O., with certain exceptions. (BPC § 2054)

12) Allows a person who has been issued a physician's and surgeon's certificate by the MBC to use the initials "M.D." (BPC § 2055)

13) Provides that nothing in the Medical Practice Act prohibits service in the case of emergency, or the domestic administration of family remedies. (BPC § 2058)

14) Provides that nothing in the Medical Practice Act shall be construed as limiting the practice of other persons licensed, certified, or registered under any other provision of healing arts law when that person is engaged in their authorized and licensed practice. (BPC § 2061)

15) Makes it unlawful for any person to make or disseminate any statement in the advertising of services, professional or otherwise, which is untrue or misleading. (BPC § 17500)

THIS BILL:

1) Prohibits a person who is not licensed by the OMBC from using the word "osteopath," using the phrase "doctor of osteopathy," using the initials "D.O.," or indicating or implying that they are a licensed osteopath, licensed doctor of osteopathy, or licensed physician and surgeon when offering or providing a service to treat a medical or physical condition.

2) Provides that a person who violates the above title protections is guilty of a misdemeanor.

3) Prohibits unlicensed alternative or complementary care practitioners from providing osteopathic manipulative treatment.

4) Defines "osteopathic manipulative treatment" as the therapeutic application of manually guided forces to alleviate somatic dysfunction.

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

COMMENTS:

Purpose. This bill is sponsored by the *Osteopathic Physicians & Surgeons of California*. According to the author:

> AB 1703 addresses a gap in current law where patients are protected when seeking care from a medical doctor (MD), but not when choosing a Doctor of Osteopathic Medicine (DO). There are strict protections that prevent non-physicians from advertising themselves as MDs, but not equivalent safeguards to stop those same individuals from advertising themselves as osteopaths or claiming they can provide licensed care. This bill will ensure only DOs who are licensed and medically trained to treat patients can advertise themselves as such and perform licensed services. Californians should be able to trust the quality of licensed medical practitioners and deserve the right to make informed decisions when choosing a doctor, no matter the type of care they seek.

Background.

History of Osteopathic Medicine in California. The medical practice of "osteopathy" was founded by Andrew Taylor Still, M.D. in 1892. A frontier physician working in rural Missouri, Dr. Still believed that "the present schools of medicine are injurious schools of drunken systems that are creating morphine, whisky, and other drug-taking habits, to the shame and disgrace of the advancement and intelligence of the age" and that "a wisely formulated substitute should be given before it is everlastingly too late."[1] While the precise definition of osteopathy evolved over time, its foundational premise was that the body is an integrated unit with the ability to self-heal without the use of drugs when properly aligned and balanced through manual manipulation.

Osteopathy was one of several natural healing disciplines competing for recognition during the Progressive Era, including homeopathy, naturopathy, physcultopathy, naprapathy, magnetopathy, and neuropathy.[2] In 1878, California created three boards to regulate medical practice, each appointed by a different society: the Medical Society, the Eclectic Medical Society, and the Homeopathic Medical Society.[3] These boards were consolidated into a single Board of Medical Examiners (precursor to the modern MBC) in 1901,[4] and the Governor was subsequently required to select appointments from lists of names presented by those societies, along with the Osteopathic Association.[5] In 1913, the MBC was again reconstituted with the role of societies and associations removed. The new board was authorized to issue two forms of certificates: a "physician and surgeon" certificate that granted the holder the authority to use drugs, medical preparations, and surgical procedures to treat patients; and a "drugless practitioner certificate."[6]

The new law reflected the medical dominance of allopathy, the system utilizing drugs and surgery to treat patients that some would eventually term "modern medicine."[7] Under the revised Medical Practice Act, individuals practicing within any of the natural or noninvasive medical systems were required to hold a certificate as a drugless practitioner. Drugless practitioners were explicitly prohibited from calling themselves "physicians" or "doctors of medicine."

Representatives of professions now relegated to drugless practitioner status immediately resisted the law. Chinese herbalists[8] and nonreligious faith healers[9] unsuccessfully challenged its constitutionality. In 1914, Proposition 46 was placed on the ballot to create a Board of Examiners for Drugless Physicians. The initiative would have allowed practitioners who treated patients without drugs or medicine to be regarded as physicians, outside the jurisdiction of the Board of Medical Examiners. While supporters argued that the initiative would give each Californian "the right to choose his or her own doctor without any interference by unfair or drastic laws," it was rejected by 67 percent of voters.

---

[1] Still, Andrew Taylor. *The Philosophy and Mechanical Principles of Osteopathy*. Published by the author, 1902.
[2] Cody, George W. "The Origins of Integrative Medicine—The First True Integrators: The Philosophy of Early Practitioners." *Integrative Medicine: A Clinician's Journal* 17.2 (2018).
[3] Chapter 576, Statutes of 1878.
[4] Chapter 51, Statutes of 1901.
[5] Chapter 212, Statutes of 1907.
[6] Chapter 354, Statutes of 1913.
[7] Willis, Evan. *Medical dominance.* Routledge, 2020.
[8] *People v. Chow Let*, 28 Cal. App. 803 (1915)
[9] *P.L. Crane v. Hiram Johnson,* 242 U.S. 339 (1917)

While osteopaths were not initially included in the category of drugless practitioners, in 1919, the MBC ceased awarding physician and surgeon certificates to osteopaths. The MBC also revoked its approval of the state's only osteopathic college. The College of Osteopathic Physicians and Surgeons sued to compel the MBC to resume admitting its graduates to take the physician and surgeon examination; while the courts found in favor of the college, the MBC continued to resist recognizing osteopaths as physicians.[10]

In 1920, representatives of the osteopathic profession supported a referendum to allow osteopaths to prescribe poisons (i.e., pain relief drugs and other controlled substances), but the referendum failed to pass. In 1922, practitioners of osteopathy and chiropractic both respectively sponsored ballot measures to regulate their professions separately from the MBC. Arguments in favor of Proposition 20, the Osteopathic Act, accused the MBC of "medical tyranny." The proponents argued that medical doctors were "biased and prejudiced against osteopathy. They are competitors of osteopathic physicians and surgeons and therefore they should not have the legal power to license, or to refuse to license or to revoke the licenses of osteopaths."

Proposition 20 was approved by 57 percent of voters, resulting in the creation of the Board of Osteopathic Medical Examiners (precursor to the OMBC). Originally consisting of five members appointed by the Governor, the OMBC was authorized to award physician and surgeon certificates to applicants who completed 4,000 hours of specified education at an osteopathic college. Certificates granted to osteopathic physicians by the OMBC bestowed the same privileges as those granted by the MBC while establishing effectively the same requirements for licensure.

Over time, the distinction between osteopathic medicine and allopathic medicine gradually diminished. Physicians licensed by the OMBC, who possessed the same scope of practice as physicians licensed by the MBC, embraced substantially the same therapies as their allopathic counterparts. More traditional osteopathic techniques, such as osteopathic manipulation, steadily became less commonly incorporated into osteopathic physician practice.

Despite the fact that osteopathic physicians were substantively indistinguishable from allopathic physicians, there purportedly remained a sense of stigma attached to osteopathic medicine associated with its less evidence-based roots. In 1962, the California Medical Association and the California Osteopathic Association voted to merge the two professions. This agreement was effectuated in part through the passage of Proposition 22, which allowed osteopathic physicians to become recognized as M.D.s and provided for the eventual dissolution of the OMBC. Some doctors of osteopathy opposed the merger, viewing it as a threat to the distinct identity and autonomy of osteopathy, but the complaint was dismissed by the courts.[11]

As a result of the professional association merger and Proposition 22, no new doctor of osteopathy degrees or osteopathic physician licenses were issued between 1962 and 1974. However, in 1974, a group of out-of-state D.O.s filed a lawsuit challenging the 1962 merger, arguing that the requirement that new osteopathic physicians obtain licensure from the MBC as M.D.s violated the equal protection clauses of both the federal and state constitutions. The California Supreme Court sided with the plaintiffs, stating in its decision:

---

[10] *College of Osteopathic Physicians & Surgeons v. Board of Medical Examiners*. 53 Cal. App. 138, 139, 199. 1921.
[11] *Osteopathic Physicians & Surgeons v. California Medical Ass'n*. 224 Cal. App. 2d 378. 1964.

> There exists no rational relationship between the protection of the public health and the exclusion from licensure of all medical practitioners who have received their training in an osteopathic rather than an allopathic college and hold D.O. rather than M.D. degrees. … We hold that the 1962 enactments, insofar as they forbid the licensure of graduates of osteopathic colleges as physicians and surgeons in this state regardless of individual qualifications, deny to plaintiffs the equal protection of the laws guaranteed by our state and federal Constitutions and are therefore to that extent void and of no effect.[12]

Following the court's decision, the OMBC resumed granting new osteopathic physician and surgeon licenses. Legislation in 1982 formally changed the name from the Board of Osteopathic Examiners to the OMBC and added board members. In 2002, OMBC volunteered to be included under the umbrella of the DCA. As of the OMBC's sunset review in 2021, there were over 10,000 D.O.s holding California active status licenses from the OMBC.

Professional Title Protection. Title protection is one of the forms of regulation of professional services that can be imposed by the Legislature to protect patients and consumers by reserving the use of words, terms, initials, and titles for individuals who have met certain requirements to demonstrate competence. As described in the context of the Legislature's "sunrise review" process, title protection is frequently included as part of a licensing act, where only persons who meet predetermined standards are allowed to work at an occupation. When licensure is required for a profession, both the scope of practice and the use of titles describing that title are protected.

As a less restrictive alternative to licensure, the Legislature will sometimes grant recognition to persons who obtain a voluntary certification or registration relating to an unlicensed profession by providing them with exclusive use of specified titles. In many cases, this title protection is limited to the use of terms such as "certified" or "licensed" in association with terms related to the profession. However, some specific terms, such as "dietician" or "athletic trainer," are reserved for individuals who have obtained a voluntary certification or met other requirements despite there being no requirement to obtain a license to practice that profession.

Unlawful use of a title is enforced by regulatory entities, including healing arts boards, consistent with the process for enforcement against unlicensed practice. Typically, these types of violations of a practice act constitute a misdemeanor. Many boards also possess the authority to cite and fine violators, or to engage in other actions to compel compliance with the law. The unauthorized use of professional titles in advertising can also form the basis for prosecutions against individuals or entities for false advertising or unfair business practices.

General provisions governing health professional licensing boards make it unlawful for any healing arts licensee to publicly communicate any false, fraudulent, misleading, or deceptive statement, claim, or image for the purpose of rendering professional services in connection with their licensed practice. Statute specifically prohibits a licensee from using "any professional card, professional announcement card, office sign, letterhead, telephone directory listing, medical list, medical directory listing, or a similar professional notice or device if it includes a statement or claim that is false, fraudulent, misleading, or deceptive." Practitioners may advertise that they are certified or that they limit their practice to specific fields; however, the term "board certified" is reserved for physicians certified by an American Board of Medical Specialties member board.

---

[12] *D'Amico v. Board of Medical Examiners*. 11 Cal. 3d 1, 521 P.2d 981, 112 Cal. Rptr. 766, 1974.

Additionally, Section 17500 of the Business and Professions Code broadly prohibits false advertising of a product or service. Specifically, this law makes it unlawful for any person to make any statement or advertisement with intent to perform services, professional or otherwise, that is untrue or misleading. While this code section covers a wide range of false advertisements by sellers of goods or services, its provisions would be applicable to health care licensees.

The Medical Practice Act prohibits any person from practicing or advertising as practicing medicine without a license. Statute specifically makes it a misdemeanor for any unlicensed person to use the words "doctor" or "physician," the letters or prefix "Dr.," the initials "M.D." or "D.O.," or any other terms or letters indicating or implying that the person is a licensed physician and surgeon on any sign, business card, or letterhead, or, in an advertisement. To use these words, prefixes, or initials, a person's license must be valid, unrevoked, and unsuspended. The statute features several limited exceptions for individuals who are trained as physicians but not currently licensed in California, or who are licensed in another health care profession for which use of the term "doctor" is authorized. Statute also includes an exception for when the use of "doctor" is not associated with any claim of entitlement to practice medicine or any other professional service for which the use of the title would be untrue or misleading.

In 2009, the American Medical Association (AMA) launched an initiative branded by the organization as the "Truth in Advertising campaign." According to the AMA, the goal of the campaign is to address confusion among patients regarding the qualifications of health providers from whom they receive care. A survey published by the AMA in 2018 found that "only half of patients surveyed believe that it is easy to identify who is a physician—and who is not—by reading what services they offer, their title, and other licensing credentials in advertising and marketing materials."

Following the publication of its survey results, the AMA embarked on a campaign to seek both national and state legislation to reserve various professional titles for licensed physicians and surgeons. A model bill, the "Health Care Professional Transparency Act," has been introduced and passed in a number of states. Generally, the legislation requires all health care professionals to clearly and accurately describe their license type in advertisements, during patient encounters, and on name tags, and reserves the use of certain titles.

In 2023, AB 765 (Wood) was introduced to prohibit any person who is not a licensed physician and surgeon from using various medical specialty titles or otherwise implying that they are a physician and surgeon. The bill included a number of specific titles that would be reserved for licensed physicians, including "osteopath." The inclusion of that term was opposed by many unlicensed individuals practicing what they characterized as a more traditional form of osteopathy. The term "osteopath" was removed from the bill, which was ultimately held in the Assembly Committee on Appropriations. In 2024, the Legislature enacted SB 1451 (Ashby), which updated the Medical Practice Act's restrictions on the term "doctor" but did not include a list of specifically restricted terms.

This bill would prohibit a person who is not licensed by the OMBC from using the word "osteopath" or otherwise indicating or implying that they are a licensed osteopathic physician and surgeon when offering or providing a service to treat a medical or physical condition. As with similar title protection laws, the prohibition would be enforceable as a misdemeanor. The author and supporters believe that reserving the term "osteopath" for D.O.s will resolve the potential for confusion for patients seeking to obtain care from a licensed osteopathic physician.

Alternative and Complementary Care Services. The Medical Practice Act broadly prohibits the unlicensed practice of medicine, which is punishable as a misdemeanor. However, in 2002, the Legislature enacted SB 577 (Burton), which was intended "to allow access by California residents to complementary and alternative health care practitioners who are not providing services that require medical training and credentials." The legislation cited a report by the National Institute of Medicine and other studies that found that "millions of Californians, perhaps more than five million, are presently receiving a substantial volume of health care services from complementary and alternative health care practitioners" but that "the provision of many of these services may be in technical violation of the Medical Practice Act."

SB 577 established an exception to the Medical Practice Act's prohibitions on the unlicensed practice of medicine for practitioners who provide alternative or complementary care. Those practitioners may not imply that they are licensed physicians, and must disclose in any advertisements that they are not licensed by the state. Additionally, alternative and complementary care practitioners must provide patients with various specified disclosures prior to providing services, which must be acknowledged in writing by the patient.

While SB 577 allowed for the unlicensed practice of alternative and complementary care, it expressly prohibited those practitioners from engaging in certain acts. Statute currently lists seven proscribed services, such as conducting surgery or other invasive procedures, prescribing controlled substances, or setting fractures. This bill would additionally prohibit any unlicensed individual from providing osteopathic manipulative treatment, which is defined as the therapeutic application of manually guided forces to alleviate somatic dysfunction. Along with the bill's restriction of the term "osteopath," this bill seeks to ensure that unlicensed individuals cannot provide or claim to provide services within the scope of practice of a D.O., regardless of whether they comply with the requirements for alternative and complementary care.

Prior Related Legislation. SB 1451 (Ashby), Chapter 481, Statutes of 2024 updated existing restrictions on the use of the words "doctor" or "physician" or similar terms by individuals not licensed as physicians and surgeons, among various other changes.

AB 765 (Wood) of 2023 would have prohibited any person who is not a licensed physician and surgeon from using various medical specialty titles or otherwise implying that they are a physician and surgeon. *This bill died on suspense in the Assembly Committee on Appropriations.*

SB 577 (Burton), Chapter 820, Statutes of 2002 authorized unlicensed individuals to provide alternative or complementary care services under specified conditions.

ARGUMENTS IN SUPPORT:

The *Osteopathic Physicians & Surgeons of California* (OPSC) is sponsoring this bill. The OPSC writes: "In recent years, unlicensed, internationally trained 'osteopaths' have begun opening practices in California, offering medical treatments that overlap with services traditionally performed by licensed physicians. These individuals operate without formal licensure requirements or governmental oversight, claiming to treat conditions ranging from anxiety and depression to chronic pelvic pain and vertigo. Their professional-sounding titles, including "DO (CAN)" or "D.O.M.P.," blur the lines between licensed DOs and unlicensed practitioners, creating confusion for patients. AB 1703 appropriately makes it a misdemeanor for unlicensed individuals to use misleading titles, ensuring patients can distinguish legitimate DOs from unlicensed practitioners."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUE(S) FOR CONSIDERATION:

Impact on Traditional Osteopathy Practitioners. While there are no schools for traditional osteopathy in the United States, the author and sponsor of this bill cite a perceived increase in the number of unlicensed osteopaths who were trained in other countries and have now come to California to practice. Because these individuals are not subject to oversight by any state licensing agency, it is unclear how many of these individuals are currently practicing in California. While there is currently no opposition to this bill, similar language contained in a 2023 bill received opposition from a number of "non-physician osteopaths" and their patients. While the argument that allowing these individuals to practice alternative and complementary care while using terms commonly associated with licensed osteopathic physicians is cogent, the author should further seek to ascertain how significant the current population of unlicensed osteopaths is in the state so that the ultimate impact of the bill can be better understood.

REGISTERED SUPPORT:

Osteopathic Physicians and Surgeons of California *(Sponsor)*
American Osteopathic Association
California Rheumatology Alliance
California Society of Dermatology and Dermatologic Surgery
Osteopathic Medical Board of California

REGISTERED OPPOSITION:

None on file

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1733 (Lee) – As Introduced February 5, 2026

SUBJECT: License and registration renewal: continuing education.

SUMMARY: Specifies that both six hours of self-study and four hours of pro bono spay or neuter services may be credited toward the required 36 hours of continuing education for veterinarians seeking license renewal.

EXISTING LAW:

1) Provides for the regulation of veterinary medicine under the Veterinary Medicine Practice Act (Act) and prohibits the practice unlicensed of veterinary medicine. (Business and Professions Code (BPC) §§ 4800-4917)

2) Establishes the Veterinary Medical Board (VMB) within the Department of Consumer Affairs (DCA) to license and regulate the veterinary medicine profession. (BPC § 4800)

3) Declares it is unlawful to practice veterinary medicine in California unless the individual holds a valid, unexpired, and unrevoked license issued by the VMB. (BPC § 4825)

4) Requires all veterinarians engaged and employed as veterinarians by the state, or a county, city, corporation, firm, or individual to secure a license issued by the VMB. (BPC § 4828)

5) Requires the VMB to adopt regulations delineating animal health care tasks and an appropriate degree of supervision required for those tasks that may be performed solely by an RVT or licensed veterinarian. (BPC § 4836(a))

6) Requires that, among other things, an individual licensed to practice veterinary medicine graduate from a veterinary college recognized by the VMB, or receive a certificate from the Educational Commission for Foreign Veterinary Graduates (ECFVG) or the Program for the Assessment of Veterinary Education Equivalence (PAVE). (BPC § 4846(a)(1))

7) Clarifies that, if the veterinary college from which an applicant is graduated is not recognized by the VMB, the VMB shall have the authority to determine the qualifications of such graduates and to review the quality of the educational experience attained by them in an unrecognized veterinary college. (BPC § 4846.1)

8) Requires that, with limited exceptions, the VMB issue renewal licenses only to those applicants that have completed a minimum of 36 hours of continuing education in the preceding two years. (BPC § 4846.5)

9) Authorizes that six of the required 36 hours of continuing education may be earned by doing either, or a combination of, the following:

    a) Up to six hours taking self-study courses, which may include, but are not limited to, reading journals, viewing video recordings, or listening to audio recordings; or

b) Up to four hours providing pro bono spaying or neutering services for a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, humane society shelter, or rescue group, as specified.

THIS BILL:

1) Authorizes a veterinary licensee to credit six hours taking self study courses, as well as four hours of providing pro bono spay and neuter services, toward their required 36 hours of continuing education for purposes of license renewal.

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

COMMENTS:

Purpose.

This bill is sponsored by the **California Animal Welfare Association.** According to the author:

> AB 1733 supports animals, shelters, and the veterinarians who serve them by modernizing continuing education requirements. By valuing volunteer service, this bill supports more veterinarians in partnering with shelters and rescues organizations, helping to expand access to lifesaving spay and neuter. AB 1733 strengthens animal welfare outcomes while supporting the professionals who generously donate their time to protect animal health and prevent overpopulation.

Background.

Veterinary Licensure. Licensed veterinarians provide health care to many different types of animals, from pets such as dogs, cats, rabbits, birds, hamsters, snakes, and lizards, to agricultural livestock such as cattle, poultry, fish, goats, pigs, and horses. Similarly to human medicine, there are recognized specialties within the veterinary profession: surgery, internal medicine, microbiology, pathology, and more. Additionally, many veterinarians specialize in care of a specific subset of animal species or populations, such as snake and reptiles, small mammals, equine care, exotic animals, and shelter medicine. With such diversified training available, licensed practitioners of veterinary medicine can operate in a range of environments. They can work in private clinical practice, or engage in public service as wildlife health specialists, agricultural inspectors, disease control workers, or working directly for a public animal control agency or animal shelter. Notably, veterinarians are the only licensed professional in California with the ability to perform sterilization surgery on animals. Further, the Koret Shelter Medicine Program under the UC Davis School of Veterinary Medicine leads national research and veterinary program recommendations related to sterilization outcomes, particularly in shelter settings.

As a condition of renewing their license, veterinarians in California must complete a minimum of 36 hours of continuing education every two years. Current law an extensive list of statutorily approved CE providers, including American Veterinary Medical Association (AVMA) accredited colleges and associations, government agencies, certain nonprofit conferences, and more. Additionally, veterinarians may earn up to four hours of the required 36 hours of continuing education biennially by providing prop bono spaying and neutering services “under the supervision of a public animal control agency or shelter, society for the prevention of cruelty to

animals shelter, humane society shelter, or rescue group.", and can earn six hours by completing self-study courses including "reading journals, viewing video recordings, or listening to audio recordings."

However, current law limits veterinarians to only crediting 6 total hours of continuing education toward either of these options, or a combination of the two. In other words, if a veterinarian completed 4 hours of pro bono spay and neuter services, they can only credit two hours of self-study toward their continuing education. Or if a veterinarian already completed six hours of self study, they are unable to credit any additional time they may spend performing pro bono sterilization services. The author and sponsors argue that licensees are less likely to provide volunteer services with this current limitation, and this depresses the pool of available volunteer veterinarians.

Efforts to Encourage Pet Sterilization. Over the past several years, California has made efforts to humanely reduce animal overpopulation and encourage the spay and neuter of dogs and cats across the state. In 1998, the Legislature enacted Senate Bill 1785 by Senator Tom Hayden, which formally established that the State of California's policy is "that no adoptable animal should be euthanized if it can be adopted into a suitable home" and "that no treatable animal should be euthanized." As part of these goals, and overall efforts to reduce pet overpopulation that leads to euthanasia, this bill and subsequent legislation established a mandate that no public or private animal shelter, humane society, rescue group or other nonprofit shall adopt out any dog or cat that has not been sterilized, subject to very limited exceptions.

Since 2012, California has established two primary funding streams to support animal welfare and sterilization. The Pet Lover's License Plate program directs specialty plate proceeds to a grant program for low-cost or no-cost animal sterilization at eligible veterinary facilities. In 2023, this program distributed approximately $488,000, with individual awards ranging from $25,000 to $50,000. Additionally, AB 485 created a voluntary tax return checkoff in 2015 for the Prevention of Animal Homelessness and Cruelty Fund. These funds assist local animal control agencies and shelters in their efforts to eliminate pet homelessness and provide spay and neuter services. In 2022, the checkoff generated over $308,000, resulting in roughly $250,000 in grants with individual awards between $7,500 and $22,500

More recent, after a successful campaign by the sponsor of this bill and the VMB, a Pet Lover's License Plate program was established in 2012, and in 2014, SB 1323 (Lieu) was enacted to allocate the proceeds from purchases of this specialty license plate to fund a grant program to eligible veterinary facilities that offer low-cost or no-cost animal sterilization services under the VMB. The most recent distribution of grant funding in 2023 allocated approximately $488,000. This consisted of an estimated amount of $25,000 – $50,000 per award.

The Legislature enacted AB 485 (Williams) in 2015 to create a voluntary tax return checkoff to provide revenue to a Prevention of Animal Homelessness and Cruelty Fund. This checkoff allocates money to local animal control agencies and shelters to support spay and neuter activities and to prevent and eliminate dog and cat homelessness. In 2022, a total of $308,449 was contributed through the checkoff, and approximately $250,000 was awarded that year to eligible agencies, with an estimated amount of $7,500 – $22,500 per award.

In February of 2022, the California for All Animals program was launched to advance marketing and outreach efforts designed to engage shelters in every region of the state that met the goals outlined in the Animal Shelter Assistance Act. $15.5 million in grant awards have since been

awarded, along with $12.5 million for in-person visits, trainings, outreach, and program expenses. Grant funding is prioritized for programs to increase low-cost and free spay/neuter services, access to low cost and free veterinary care to prevent owner relinquishment to animal shelters, and programs that reunite lost pets with their owners and incentivize making adoption accessible for all communities.

In 2023, the Assembly and Senate passed ACR 86 authored by Assemblymember Kalra. This resolution puts a spotlight on the national and statewide pet overpopulation crisis, noting the increase in pet adoptions and purchases throughout the COVID-19 pandemic which exacerbated these issues. This resolution also notes the lack of low-cost and free spay and neuter options, as well as disparities in access to veterinary care. This resolution made a commitment to pursue policies that increase the availability of low-cost, high volume spay and neuter and encourage more out-of-state veterinarians and RVTs to perform and assist with sterilization.

Most recently, the Legislature passed SB 1233 (Wilk, Chapter 613, Stats. Of 2024), which authorizes veterinary schools in California to develop and offer a high-quality, high-volume spay and neuter certification program as elective coursework to enrolled students. Among other requirements, the program would need to make low- or no-cost sterilization services available to the public, with priority access based on "socioeconomic status", while ensuring the training and care provided by the program is consistent with generally accepted standards in the profession. There are currently two accredited veterinary schools in California: the UC Davis School of Veterinary Medicine, and the Western University of Health Sciences. Notably, UC Davis oversees the Koret Shelter Medicine Program (KSMP), with research specializing in the state's adoption outcomes and shelter management improvement. Among other research projects and initiatives, KSMP administers the $50 million "California for All Animals" grant program established in the 2020-21 budget which aims to fulfill the state's goal that no healthy animal is euthanized in a shelter.

Continuing the Legislature's efforts to encourage low-cost access to pet spay and neuter services, this bill seeks to expand the amount of volunteer hours that a veterinary licensee can credit toward their continuing education requirements. Specifically, this bill removes the statutory cap limiting six total hours being obtained through either pro bono veterinary services or conducting self-study. In effect, this will allow a veterinary licensee to credit *both* four hours of pro bono spay and neuter services, *and* six hours of self-study, toward their mandatory 36 hours of continuing education. The author and sponsors contend that this will encourage more licensees to perform pro bono spay and neuter services.

Current Related Legislation. AB 1999 (Kalra) would amend the "ownership exemption" in the Veterinary Medical Practice Act; establishes "shelter veterinarian", "retired veterinarian" and "retired volunteer veterinarian" license categories and associated fees; clarifies terminology related to the practice of veterinary medicine via telemedicine; clarifies that the veterinary-client-patient relationship (VCPR) can be established on an annual basis; and requires specified information related to corporate ownership disclosures when renewing a veterinary premises registration. *This bill is currently pending in this committee.*

AB 2010 (Soria) would specify that "high-quality, high-volume spay or neuter services", as defined, that are performed in a registered veterinary premises are not required to comply with specified standards, including a requirement for equipment for viewing radiographs. *This bill is currently pending in this committee.*

Prior Related Legislation. AB 1502 (Berman, Chapter 195, Statutes of 2025) extended the sunset date for the California Veterinary Medical Board to January 1, 2030, and enacted various revisions in response to the Board's sunset review.

SB 1233 (Wilk, Chapter 613,Statutes of 2024) authorizes a California veterinary medical school to develop a high-quality, high-volume spay and neuter program to be offered as elective coursework to their students, and to make services through the program available at low- or no-cost to the public.

ARGUMENTS IN SUPPORT:

This bill is sponsored by the *California Animal Welfare Association (CalAnimals),* who write: "CalAnimals is proud to sponsor this measure because it represents a thoughtful, targeted improvement to current law that will increase access to care, support animal shelters, and help address pet overpopulation in a practical and cost-effective way."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUE(S) FOR CONSIDERATION:

Hours credited toward pro bono services. The author and sponsors of this measure contend that removing the limitation of 6 hours for combining self-study and pro bono services will encourage more licensees to perform such services. However, this bill does not increase the amount of actual time a licensee can perform and credit pro bono services; only that they no longer have to credit it alongside self-study hours. It is unclear how many veterinarians are not pursuing any amount of pro bono services because they already completed self-study courses, as opposed to how many complete four hours and then seek additional self-study. As such, it is unclear what impact this bill will have in meaningfully increasing the pool of available volunteer veterinarians compared to the current status quo. Therefore, the author and sponsor may wish to consider increasing the amount of time a veterinarian can perform pro bono services for credit toward their continuing education.

REGISTERED SUPPORT:

California Animal Welfare Association *(Sponsor)*
Social Compassion in Legislation

REGISTERED OPPOSITION:

There is no opposition on file.

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1794 (Ransom) – As Introduced February 10, 2026

SUBJECT: Pharmacy: enteral products.

SUMMARY: Exempts manufacturers, wholesalers, and distributors that furnish enteral nutrition products to a patient's residence from the pharmacist scope of practice under the Pharmacy Law.

EXISTING LAW:

1) Defines "medical food" to mean a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation. (Title 21 United States Code § 360ee(b)(3))

2) Regulates the practice of pharmacy under the Pharmacy Law and establishes the California State Board of Pharmacy (CSBP) to administer and enforce the Pharmacy Law. (Business and Professions Code (BPC) §§ 4000-4427.8)

3) Prohibits the unlicensed practice of pharmacy, meaning the manufacturing, compounding, furnishing, selling, or dispense a dangerous drug or dangerous device, or to dispense or compound a prescription of a prescriber unless licensed as a pharmacist. (BPC § 4051(b))

4) Exempts a manufacturer or wholesaler that provides dialysis drugs and devices directly to patients from the prohibition against unlicensed pharmacy practice. (BPC § 4054)

5) Authorizes a pharmacist, or a manufacturer or wholesaler exempted from the unlicensed practice of pharmacy for dialysis drugs, to distribute dangerous drugs and dangerous devices directly to dialysis patients pursuant to regulations adopted by the CSBP, as specified. (BPC § 4059(c))

6) Defines "dangerous drug" or "dangerous device" to mean any drug or device unsafe for self-use in humans or animals, including any drug or device that by law can be lawfully dispensed only if prescribed or furnished by an authorized licensee. (BPC § 4022)

7) Defines "device" to mean any instrument, apparatus, machine, implant, in vitro reagent, or contrivance, including its components, parts, products, or the byproducts of a device, and accessories that are used or intended for either (a) use in the diagnosis, cure, mitigation, treatment, or prevention of disease in a human or any other animal or (b) affect the structure or any function of the body of a human or any other animal. (BPC § 4023)

8) Defines "drug" to mean: (a) articles recognized in the official United States Pharmacopoeia, official National Formulary or official Homeopathic Pharmacopoeia of the United States, or any supplement of any of them; (b) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals; (c) articles (other than food) intended to affect the structure or any function of the body of humans or other

animals; (d) articles intended for use as a component of any of the other specified articles. (BPC § 4025)

9) Defines "furnish" to mean to supply by any means, by sale or otherwise. (BPC § 4026)

10) Defines "manufacturer" to mean every person who prepares, derives, produces, compounds, or repackages any drug or device except a pharmacy that manufactures on the immediate premises where the drug or device is sold to the ultimate consumer. (BPC § 4033(a)(1))

11) Defines "pharmacist" to mean a natural person who holds a pharmacist license issued by the CSBP and entitles the licensee to practice pharmacy within or outside of a licensed pharmacy. (BPC § 4036)

12) Defines "pharmacy" to mean an area, place, or premises licensed by the CSBP in which the profession of pharmacist is practiced and where prescriptions are compounded, including any area, place, or premises described in a CSBP license where controlled substances, dangerous drugs, or dangerous devices are stored, possessed, prepared, manufactured, derived, compounded, or repackaged, and from which the controlled substances, dangerous drugs, or dangerous devices are furnished, sold, or dispensed at retail. (BPC § 4037)

13) Defines "prescription" to mean an oral, written, or electronic transmission order that is given individually for the person for whom ordered that contains specified identifying and instructional information and is issued by a licensed provider authorized to issue the order. (BPC § 4040).

14) Defines "wholesaler" to mean and includes a person who acts as a wholesale merchant, broker, jobber, customs broker, reverse distributor, agent, or a nonresident wholesaler, who sells for resale, or negotiates for distribution, or takes possession of, any drug or device; prohibits a wholesaler from storing, warehousing, or authorizing the storage or warehousing of drugs with any person or at any location not licensed by the CSBP. (BPC § 4043)

15) Defines "third-party logistics provider" to means an entity that provides or coordinates warehousing or other logistics services for a dangerous drug or dangerous device in intrastate or interstate commerce on behalf of a manufacturer, wholesaler, or dispenser of the dangerous drug or dangerous device, but does not take ownership of the dangerous drug or dangerous device, nor have responsibility to direct its sale or disposition. (BPC § 4045)

THIS BILL:

1) Exempts a manufacturer, wholesaler, or distributor that furnishes enteral nutrition products directly to a patient's residence pursuant to a valid order from a prescriber from the prohibition against the unlicensed practice of pharmacy.

2) Authorizes the following individuals and entities to distribute enteral nutrition products directly to patients with medically diagnosed conditions that preclude the full use of regular food pursuant to regulations adopted by the CSBP:

   a) A pharmacist.

b) A manufacturer or wholesaler that provides dialysis drugs and devices directly to patients.

c) A manufacturer, wholesaler, or distributor that furnishes enteral nutrition products directly to a patient's residence pursuant to a valid order from a prescriber.

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

COMMENTS:

Purpose. This bill is sponsored by the *California Association of Medical Product Suppliers*. According to the author:

> [This bill] addresses a critical but often overlooked component of healthcare: access to medically necessary enteral formulas. For many Californians living with chronic illness, neurological conditions, gastrointestinal disorders, or severe disabilities who can't consume food orally, enteral formula is life-sustaining liquid nutrition. These products are equivalent to food and prescribed by healthcare providers to keep people nourished and healthy, preventing hospitalization, and preserving their quality of life. Patients and families face unnecessary barriers to obtaining enteral formula; for medically fragile patients it can be difficult or even dangerous to make trips to the pharmacy to pick up a food product. That is an unacceptable barrier. Nutrition delivered through enteral products, defined as "medical food," should be as accessible for patients as the grocery store. [This bill] makes access to these medically necessary formulas simple and straightforward for patients, allowing the formula to be shipped directly to their front door, because no one should struggle to obtain the nutrition they need to survive and thrive.

Background. In clinical nutrition, nutrition therapy is a component of nutrition care provided during medical treatment.[1] Nutrition therapy is provided through food replacements or nutritional supplements to maintain a healthy nutritional status when dealing with medical conditions.

Enteral nutrition is one of three forms of nutrition therapy, along with oral nutrition and parenteral nutrition. Oral nutrition involves eating or drinking the therapy by mouth. Enteral nutrition utilizes medical devices, such as nasal or stomach feeding tubes, to bypass the mouth and access the gastrointestinal (GI) tract directly. Parenteral nutrition utilizes intravenous catheters to provide the nutrients through the bloodstream, bypassing the GI tract altogether.

Direct Delivery of Prescription Enteral Nutrition. The Pharmacy Law and federal law specifically exempt food, which is defined to include enteral nutrition, from the definition of a drug. As a result, enteral nutrition is not regulated as a drug nor mentioned in the CSBP regulations. When enteral nutrition is prescribed, a pharmacist may still process the prescription for labeling or payor reimbursement purposes, but there is no Pharmacy Law impediment to delivering food directly to a consumer.

---

[1] American Society for Parenteral and Enteral Nutrition, *ASPEN Definition of Terms, Style, and Conventions Used in ASPEN Board of Directors–Approved Documents*, last modified March 6, 2026, https://nutritioncare.org/definition-of-terms-style-and-conventions-used-in-aspen-board-of-directors-approved-documents/.

Prior Related Legislation. AB 1926 (Connolly) of 2024 would have required health plan contracts and insurance policies to provide coverage for dietary enteral formulas for the treatment of regional enteritis (Crohn's disease). *AB 1926 was held on the Senate Appropriations Committee suspense file*.

ARGUMENTS IN SUPPORT:

The *California Association of Medical Product Suppliers* (sponsor) writes in support:

> [This bill] seeks to allow for prescribed "medically necessary supplements, or enteral nutrition" to be dispensed directly to patients at their homes while maintaining pharmacist oversight to ensure that nutritionally complete and clinically appropriate products are delivered safely. "Drop shipment" of enteral nutrition formulas directly to a patient's home has provided a lifeline for medically fragile patients who would otherwise be forced to struggle with transportation due to a combination of physical, medical, sensory, and logistical challenges in order to retrieve their nutritional supports.
>
> Enteral nutrition formulas are administered under medical supervision when prescribed for treatment for digestive and inherited metabolic disorders. Medicare and many commercial payers allow for shipment directly to patients' homes as a cost-effective and efficient distribution method. Once the pharmacist confirms the initial order, allowing direct shipment streamlines access and reduces overhead - especially critical for medically fragile patients who rely on consistent nutritional support.
>
> Medicare and many commercial payers allow for drop shipping as a cost-effective and efficient distribution method of enteral nutrition formulas and products. Prior to the establishment of Medi-Cal Rx in January 2022, licensed Home Medical Device Retailers (HMDRs) were able to distribute these items under fee for service and Medi-Cal managed care in the same manner. However, once Medi-Cal RX was implemented, it limited the distribution of enteral nutrition to "by pharmacies only." Providers were recently notified by Prime Therapeutics, the pharmacy benefit manager (PBM) for California's Medi-Cal Rx program, that drop shipping directly to patients' homes would no longer be acceptable as dispensing of these nutritional items would require a pharmacist or pharmacy technician to physically pull and label the items.
>
> We believe this interpretation may have occurred since the implementation of Medi-Cal RX, and that enteral nutrition is now being treated with the same caution reserved for "controlled drugs" and "dangerous drugs" as opposed to "food." If left unchanged, this policy poses serious repercussions for those who rely on enteral nutrition formulas for their daily nutritional needs.

ARGUMENTS IN OPPOSITION:

The *California Pharmacists Association* writes in opposition:

> While we appreciate the intent behind the legislation to facilitate access to enteral nutrition (EN) products, we are deeply concerned about the risks to patient safety

> that could arise from reducing or eliminating pharmacist oversight in their distribution and use.
>
> [The sponsor's] fact sheet states that, "unlike dangerous drugs that need the clinical judgment of a pharmacist when dispensed, enteral formula is prescribed as a nutritional support." While enteral nutrition products are not prescription medications, they do, however, interact with several prescription drugs and, among other things, affect absorption. Pharmacists routinely apply their expertise to identify and mitigate these risks, which can have serious clinical consequences if overlooked….
>
> This could lead to subtherapeutic levels, treatment failure, or toxicity if doses are not adjusted. Pharmacists review concurrent medications to recommend timing separations (e.g., holding feeds 1–2 hours before/after certain drugs), alternative formulations, or therapeutic monitoring….
>
> Additionally, exempting manufacturers, wholesalers, and distributors that furnish enteral nutrition products directly to a patient's residence from the patient protection provisions in B&P Code Section 4051 undermines the statute's longstanding commitment to safeguarding patients. These protections exist to ensure appropriate oversight, accountability, and safe delivery, regardless of the distribution channel. Carving out such an exemption creates a gap in patient protection, potentially exposing vulnerable individuals to increased risk and weakening the integrity of a framework specifically designed to prioritize patient safety.

IMPLEMENTATION ISSUES:

Overbroad Exemption. As stated in sponsor's letter, the intent of the bill is to clarify that for delivery of enteral products directly to consumers. To accomplish this, the bill exempts manufacturers, wholesalers, and distributors who deliver enteral nutrition products from the pharmacy licensing requirements altogether. However, this exemption is overbroad for the following reasons:

1) There is no prohibition against the direct-to-consumer delivery in the pharmacy licensing requirement. There may also be unintended impacts from that exemption beyond the scope of this bill.

2) As drafted, the enteral nutrition exemption extends to dialysis manufacturers and wholesalers. Likewise, the exemption that dialysis manufacturers and wholesalers have for dangerous drugs and devices extends to enteral nutrition manufacturers and wholesalers.

3) Distributors, which are not defined, do not appear to be specifically regulated under the Pharmacy Law and it is unclear why they would need to be exempted.

4) There is no definition for enteral nutrition products, and products could mean more than the food. It could include the accompanying medical devices, such as the gastronomy access device that enters the skin to access the stomach.

Instead, the author may wish to amend the bill to remove the blanket exemption and directly state that a manufacturer or wholesaler may deliver enteral nutrition directly to a consumer.

AMENDMENTS:

1) Limit enteral nutrition products to "supplements or replacements" to exclude the medical devices and the constituent parts used to administer the nutrition, and define the products using the Medi-Cal description for enteral nutrition:

   On page 3 of the bill, line 38, insert:

   (i) *(1) For purposes of this subdivision, "enteral nutrition supplements or replacements" means medical food used as a therapeutic regimen to prevent serious disability or death in patients with medically diagnosed conditions that preclude the full use of regular food.*

2) Limit the exemption to directly allow "drop shipping" by manufacturers and wholesalers to process prescriptions as follows:

   a) On page 2, delete section 1 from the bill:

   ~~**SECTION 1.** Section 4054 of the Business and Professions Code is amended to read:~~

   ~~**4054.** (a) Section 4051 shall not apply to a manufacturer or wholesaler that provides dialysis drugs and devices directly to patients.~~

   ~~(b) Section 4051 shall not apply to a manufacturer, wholesaler, or distributor that furnishes enteral nutrition products directly to a patient's residence pursuant to a valid order from a prescriber acting within their scope of practice.~~

   b) On page 3, line 38:

   *(2)*A pharmacist, ~~or a person exempted pursuant to Section 4054,~~ *manufacturer, or wholesaler* may ~~distribute~~ *participate in an arrangement or agreement to deliver* enteral nutrition ~~products~~ *supplements or replacements* directly to ~~patients with medically diagnosed conditions that preclude the full use of regular food pursuant to regulations adopted by the board.~~ *a patient's residence pursuant to a valid order from a prescriber acting within their scope of practice.*

REGISTERED SUPPORT:

California Association of Medical Product Suppliers (sponsor)
Biocom California
California Life Sciences Association

REGISTERED OPPOSITION:

California Pharmacists Association

Analysis Prepared by: Vincent Chee / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1826 (Lackey) – As Amended March 19, 2026

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

SUBJECT: Cannabis: recall, embargo, and destruction of cannabis and cannabis products.

SUMMARY: Makes several changes to the enforcement provisions of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which include: authorizing licensees to engage in a "meet and confer" with Department of Cannabis Control (DCC) staff during the enforcement process; modifying DCC enforcement procedures; modifying enforcement notice requirements; limiting the use of liability waivers during settlements between the DCC and licensees; and adding an "administrative error" category of licensee violations.

EXISTING LAW:

1) Establishes the enforcement framework that the DCC shall use to enforce MAUCRSA and regulate licensed and unlicensed cannabis activity in California. (BPC §§ 26030-26039.5)

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

3) Establishes procedures for disciplinary actions against a licensee which include: service of an accusation by the DCC on a licensee; hearing procedures; a list of disciplinary actions that can be taken by the DCC following the finding from a hearing that a licensee has committed an act constituting grounds for disciplinary action. (California Code of Regulations (CCR) Title 4 § 17809)

4) Requires the DCC to consider the disciplinary guidelines entitled "Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses Amended July 2022," when reaching a decision on a disciplinary action under MAUCRSA and the Administrative Procedure Act (APA); incorporates the disciplinary guidelines by reference; establishes that deviation from the disciplinary guidelines are appropriate when the DCC determines that the facts of a particular case warrant such a deviation. (CCR tit. 4, § 17814)

5) Establishes procedures for administrative adjudications under the APA; describes the scope and applicability of the APA's adjudication procedures; establishes procedures for hearings, including evidentiary rules and hearing timeframes. (GOV §§ 11400-11475)

6) Establishes procedures for formal administrative adjudications under the APA; requires a hearing to determine whether a right, authority, license, or privilege should be revoked, suspended, limited, or conditioned; and establishes the hearing procedures, including initiation, discovery, hearing, evidence, proposed order, and reconsideration. (Government Code (GOV) §§ 11500-11529)

7) Authorizes the DCC to issue a citation to a licensee or unlicensed person for violating MAUCRSA or regulations adopted pursuant to MAUCRSA; allows the DCC to assess an administrative fine of up to $5,000 per violation by a licensee and up to $30,000 per violation by an unlicensed person; establishes guidelines for determining the appropriate fine amount; establishes hearing and appeal procedures for licensees to whom the DCC has issued citations. (BPC § 26031.5)

8) Authorizes licensees to contest a citation by submitting a written request for a hearing within 30 days of the service of the citation; establishes timelines and procedures for the citation appeal process; and establishes procedures for the DCC and licensees after proceedings where a citation is dismissed, issued, or modified. (CCR tit. 4, § 17803)

9) Prohibits a person or entity from engaging in commercial cannabis activity without a state license issued by the DCC pursuant to MAUCRSA. (BPC § 26037.5)

10) Authorizes the DCC to issue citations, orders of abatement, and fines against a licensee or unlicensed person for any acts or omissions that are in violation of any law applicable to cannabis licensees. (CCR tit. 4, § 17802)

11) Requires the DCC, when it has evidence that a cannabis product is adulterated or misbranded, to notify the licensee; establishes that when a licensee is notified, the licensee may voluntarily recall the affected cannabis product and either remediate it or destroy it under the supervision of DCC. (BPC § 26039.1(a))

12) Authorizes the DCC to issue a notice to comply to a licensee for violations of MAUCRSA or other applicable laws; lists the requirements for a notice to comply; establishes methods of service for a notice to comply; establishes requirements for licensees who receive a notice to comply and timeframes for licensee action pursuant to the notice. (CCR tit. 4, § 17801)

13) Authorizes the DCC to issue a mandatory recall order of a cannabis product if the product poses an immediate threat to human life or health, and other DCC procedures would result in an unreasonable delay. (BPC § 26039.1(b))

14) Requires the DCC to provide a licensee with an opportunity for an informal proceeding within five days of a DCC mandatory recall order on why the cannabis or cannabis product should not be recalled, after which the DCC must affirm, modify, or set aside the order. (BPC § 26039.1(c))

15) Requires the DCC, when it has probable cause to believe that cannabis or a cannabis product is adulterated or misbranded, or that the cannabis product's sale would violate MAUCRSA, to affix a tag or appropriate marking to the suspected product, thereby embargoing the product; establishes restrictions on licenses with regards to products which have been embargoed; establishes procedures for the DCC and licensees following a hearing to determine whether an embargoed product is adulterated or misbranded, and whether the product can be remediated; and outlines the administrative process leading up to condemnation of the product. (BPC § 26039.3; CCR tit. 4, § 17801.5)

16) Defines cannabis as misbranded when it is: cultivated, processed, manufactured, packed, or held in an unlicensed location; its labeling is false or misleading; or its labeling or packaging does not conform to applicable requirements. (BPC § 26039.5(a))

17) Makes it unlawful to cultivate, process, manufacture, sell, deliver, hold, or offer for sale misbranded cannabis products; misbrand cannabis products; or receive or distribute, deliver or offer for delivery misbranded cannabis products. (BPC § 26039.5(b)-(d))

18) Defines cannabis as adulterated when under specified unsanitary, spoiled, toxic, impure or low quality, noncompliant, poisonous, or diluted conditions. (BPC § 26039.6(a))

19) Makes it unlawful to: cultivate, process, manufacture, sell, deliver, hold, or offer for sale adulterated cannabis products; to adulterate cannabis products; and receive or distribute, deliver or offer for delivery adulterated cannabis products. (BPC § 26039.6(b)-(d))

20) Authorizes the Attorney General or a city or county counsel or city prosecutor to bring an action against persons engaged in unlicensed commercial cannabis activity for civil penalties of up to three times the amount of the license fee per day of violation. (BPC § 26038)

21) Establishes packaging and labeling requirements for cannabis products. (BPC § 26120)

22) Prohibits cannabis and cannabis product packages and labels from being made to be attractive to children. (BPC § 26120(b))

23) Requires all cannabis and cannabis product labels and inserts to include specified information, which includes: a warning label; product weight; product type; an active ingredient list; appellation of origin; and any other information specified by the DCC. (BPC § 26120(c))

24) Requires the DCC to promulgate regulations setting standards for the manufacturing, packaging, and labeling of all manufactured cannabis products, including a requirement that products be provided to customers with sufficient information to enable the informed consumption of the product, including the potential effects of the cannabis product and directions as to how to consume the cannabis product, as necessary. (BPC § 26130)

25) Prohibits specified advertising and marketing practices. (BPC § 26152)

26) Prohibits a cannabis licensee from including on the label of any cannabis or cannabis product or publishing or disseminating advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects on health of cannabis consumption. (BPC § 26154)

THIS BILL:

1) Requires the DCC, when it has evidence that a licensee's product is misbranded, adulterated, or contains an administrative error, to provide written notice to the licensee. These notices must include the basis for the action, the code section that the action is based on, and the evidence that the DCC has concerning the violation, among other things.

2) Requires the DCC to provide licensees an opportunity to "meet and confer" with DCC staff under the following circumstances:

    a) Upon issuance of a citation, a licensee may request to meet and confer with DCC staff who have knowledge of the matter within five business days of the issuance of the citation.

b) Upon the issuance of a notice that the DCC has evidence that a licensee's product is misbranded, adulterated, or contains an administrative error, and prior to a voluntary recall, a licensee may request to meet and confer with DCC staff who have knowledge of the matter within five business days of the delivery of the notice. During the meet and confer, a licensee may present evidence and arguments that their product is not misbranded, adulterated, or subject to an administrative error. The DCC may not permit the destruction of a product until the meet and confer process has concluded or the licensee has declined to meet and confer.

c) Upon the issuance of a mandatory recall order, a licensee may request to meet and confer with DCC staff who have knowledge of the matter within five business days of the issuance of the order. During this meet and confer, a licensee may present evidence and arguments that their product is not misbranded, adulterated or subject to an administrative error. The DCC may not permit the destruction of a product until the meet and confer process has concluded or the licensee has declined to meet and confer. Following the meet and confer or the licensee's decision not to meet and confer, the DCC must affirm, modify or set aside the recall order.

d) Upon the delivery of a notice which states that a licensee's cannabis product is embargoed by the DCC, a licensee may request to meet and confer with DCC staff who have knowledge of the matter within five business days of the issuance of the order. During this meet and confer, a licensee may present evidence and arguments that their product is not misbranded, adulterated or subject to an administrative error. Following the meet and confer, and if the DCC takes longer than five days to make a determination about whether a licensee's product is adulterated misbranded or subject to an administrative error, the DCC shall provide the licensee with weekly updates on the determination process until a final determination is made.

3) Requires the DCC, if it determines that a licensee's embargoed cannabis product is not adulterated, misbranded, or does not contain an administrative error, toremove the tag or other marking affixed to the product within 24 hours.

4) Prohibits the DCC from requiring a licensee to conduct a voluntary recall, sign a waiver of liability, or waive any right to an informal meeting or an administrative or judicial hearing or appeal as a condition of approving a voluntary recall, authorizing remediation, or supervising the destruction of the product.

5) Establishes that a licensee that conducts a voluntary recall does not waive any right to an informal meeting or an administrative or judicial hearing or appeal.

6) Requires proceedings for the condemnation of cannabis products to be initiated within ten days of the DCC's rejection of a corrective action plan submitted by the licensee, or within ten days of the embargo if no corrective action plan is submitted.

7) Requires the failure of the DCC to approve a corrective action plan or initiate condemnation proceedings within this timeframe to result in the automatic release of the embargo, unless an administrative law judge determines that the DCC has shown good cause for the delay.

8) Requires the administrative law judge presiding over a condemnation hearing, if the cannabis product is a perishable agricultural product, to schedule the hearing no later than five business days after the petition for condemnation is filed, upon the request of the licensee.

9) Requires the administrative law judge to issue a decision within 48 hours of the conclusion of the condemnation hearing.

10) Prohibits the DCC from requiring a licensee to sign a waiver of liability, or to waive any right to an informal meeting or an administrative or judicial hearing or appeal, as a condition of removing an embargo tag, approving a corrective action plan, or permitting the destruction of product, specifying that a waiver of liability or appeal rights is invalid unless executed following the conclusion of a condemnation proceeding or civil litigation regarding the matter.

11) Specifies that cannabis or a cannabis product contains an administrative error if it has any of the following:

    a) Its labeling or packaging does not conform to specified requirements or any other labeling or packaging requirements.

    b) The laboratory conducting compliance testing on the product makes a clerical error in the track and trace system in reporting test results.

    c) Its concentrations differ from, or its purity or quality is below, that which it is represented to possess.

    d) The methods, facilities, or controls used for its cultivation, manufacture, packing, or holding do not conform to, or are not operated or administered in conformity with, practices established by DCC regulations to ensure that the cannabis or cannabis product meets the requirements as to safety and has the concentrations it purports to have and meets the quality and purity characteristics that it purports or is represented to possess.

    e) It is a cannabis product and a substance has been mixed or packed with it after testing by a testing laboratory so as to reduce its quality or concentration or if a substance has been substituted, wholly or in part, for the cannabis product.

12) Makes it unlawful to cultivate, manufacture, distribute, sell, deliver, hold, or offer for sale cannabis or a cannabis product that has an administrative error or to receive in commerce cannabis or a cannabis product that has an administrative error or to distribute, deliver, or proffer for delivery cannabis or cannabis product that has an administrative error.

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

COMMENTS:

Purpose. This bill is sponsored by the *California Cannabis Industry Association*. According to the author:

"[This bill], authored by Assemblyman Tom Lackey, addresses the mounting challenges facing California's licensed cannabis industry, where prolonged enforcement actions without resolution are driving preventable business closures and inventory losses that undermine both the regulated

market and the public safety goals it is meant to advance. Licensed operators - many of them small and minority-owned businesses - cannot absorb the financial harm caused by enforcement actions that lack transparency, move without defined timelines, or condition relief on the surrender of legal rights. The bill establishes evidence disclosure requirements, meet-and-confer procedures, expedited hearing timelines for perishable products, and prohibitions on coercive waiver conditions. Together, these reforms ensure that DCC enforcement actions are grounded in documented evidence, proceed expeditiously, and afford licensees a meaningful opportunity to respond before irreversible harm occurs."

Background. MAUCRSA authorizes a person who obtains a state license under MAUCRSA to engage in commercial adult-use cannabis activity under that license and any applicable local ordinances. The DCC is the state agency that licenses and regulates cannabis businesses and issues over twenty distinct license types. In 2025, the DCC reported that it regulates approximately 6,800 annual licensees..

Overview of DCC Enforcement. The DCC regulates the growing of cannabis plants; manufacture of cannabis products transportation and tracking of cannabis goods throughout the state; sale of cannabis goods events where cannabis is sold or used; and labeling of goods sold at retail.

Some of the regulatory tools that the DCC uses to enforce MAUCRSA include: citations, fines, and abatement orders; product embargos; product condemnations; and product recalls.

Citations. Citations may be issued against licensees or unlicensed persons for violations of MAUCRSA or other applicable laws. Citations can contain monetary fines, orders of abatement or both. Citations must describe the violation and the DCC's evidence of a citable offense. Citations may assess a monetary penalty of up to $5,000 a day per violation for licensees and up to $30,000 per violation per day for unlicensed persons. The monetary fine contained in a citation must account for the following factors: the gravity of the violation by the licensee or person; the good faith of the licensee or person; and the history of previous violations. To contest a citation, the cited party must file a written request for a hearing within 30 days of service of the citation. Following this written request for a hearing, the cited party may also request an informal hearing with DCC staff. This bill modifies the informal procedures for contesting citations and the requirements of the notice which must accompany a citation.

Product Embargoes. The DCC has the authority to embargo cannabis products which it has probable cause to believe are misbranded or adulterated. When the DCC embargoes a cannabis product, the it must affix a tag or marking to the affected product, and serve the licensee associated with the product, a notice describing the basis for the embargo. Following the issuance of an embargo a licensee may contest the embargo or voluntarily recall a product. Voluntary recalls are initiated by licensees whose product has been contaminated or misbranded.[1] If a licensee does not recall an embargoed product and instead contests the embargo, the DCC may authorize a licensee to remediate the affected product or order the condemnation of the product. Remediation is the process of removing contaminants from a product and must be approved by the DCC in advance.[2] Condemnation is the process through which the DCC orders a licensee to destroy a product, under the supervision of the department. This bill establishes

[1] Ibid.
[2] Ibid.

informal conference procedures during the embargo process and creates timelines for the embargo process.

Mandatory Recalls. The DCC also has the authority to issue a mandatory recall when a cannabis product presents an immediate or serious threat to consumers and other DCC remedies would cause an unreasonable delay.[3] When the DCC issues a mandatory recall, it notifies the licensees who have the affected product, such as a dispensary.[4] Licensees can, within five days of the issuance of a recall order, contest the recall through an informal proceeding, where they are able to argue why their product should not be recalled. Following this informal proceeding the DCC can either affirm, modify, or set aside recall order. If the DCC orders the condemnation of the product during the informal proceeding, the licensee can then request a formal adjudication; the procedures of which are governed by the APA. This bill modifies the requirements of the informal process for mandatory recalls.

Lack of DCC Enforcement Clarity. Legalized cannabis in California is a relatively new regulatory field and as a result, there have been numerous material changes to cannabis law enforcement, as well as to cannabis law itself, over the past few years. These changes can be attributed to a number of factors including legislative amendments to MAUCRSA, amendments to DCC's enforcement regulations, and changes in DCC's internal guidance and policy more broadly. This shifting legal landscape has led to confusion amongst stakeholders, and a desire for clearer enforcement policies which appropriately consider the economic realities of DCC licensees. Resultingly, some of the primary policy goals of this bill, as raised by the author and other stakeholders, are to clarify the MAUCRSA provisions which contemplate enforcement, and to decrease the financial burdens of enforcement on DCC licensees. More specifically, some of the enforcement clarity and due process topics that this bill attempts to address are adjudication procedure, enforcement timelines, and evidentiary disclosures during enforcement actions.

"Meet and Confer" Requirement for Citations. MAUCRSA and DCC regulations hold that when the DCC issues a citation, the cited party can contest the citation, request an informal conference, or both.[5] To contest a citation, a cited party must submit a written request to the DCC within 30 days of the service of the citation.[6] Citations are contested in formal hearings, the procedure for which comes from the APA.[7] In an informal conference for a citation, the cited party must request a conference within 15 days of service of a citation.[8] In the 15 days following the receipt of the written request for an informal conference, DCC staff must meet with a cited party to discuss the citation. Within 15 days of the date of the conference, the DCC may affirm modify or dismiss the citation by written decision.

Adulteration/Misbranding Notice Meet and Confer Requirement. Currently, when the DCC has evidence that a product is adulterated or misbranded, they are required to notify the licensee whose product is the subject of the notice. After receiving a notice, a licensee is then able to either voluntarily recall the product, and either remediate it, if allowed by the DCC, or destroy it. Existing law does not provide specifics regarding the form or content of this notice. Stakeholders

---

[3] Department of Cannabis Control. (n.d.). *Cannabis recalls and safety notices*. Department of Cannabis Control. Retrieved April 13, 2023, from https://cannabis.ca.gov/resources/cannabis-recalls-and-safety-notices/
[4] Ibid.
[5] BPC § 26031.5(d).
[6] *Id.*
[7] GOV §§ 11500-11529.
[8] CCR tit. 4, §17803.

have expressed concerns that this process is both ineffective and overly opaque because they are not permitted to speak with DCC staff about their case. This bill would permit licensees to "meet and confer" in cases where the DCC issues a citation, embargoes a product, or orders a product recall. During the meet and confer, licensees must be given the chance to present arguments and evidence to DCC staff who have knowledge of their case.

Mandatory Recall Meet and Confer Requirement. Currently, when the DCC orders the mandatory recall of a product, the DCC is required to offer the licensee an opportunity for an informal proceeding, as determined by the DCC, during which the licensee can argue why the product should not be recalled. Following this proceeding, the order shall be affirmed, modified, or set aside. This bill would rename the informal proceeding to a "meet and confer" and apply the same requirements used for other meet and confer opportunities under this bill.

Product Embargo Meet and Confer Requirement. Currently, the DCC is not required to engage in an informal proceeding with a licensee whose product has been embargoed by DCC. Existing law does permit a licensee whose product is embargoed to request that the embargo be removed because the licensee has remediated the embargoed product or otherwise brought it into compliance with DCC requirements. However, there is currently no requirement that the DCC meet with a licensee during the embargo process. This bill would additionally add the 5 day meet and confer requirement to the embargo process.

Enforcement Timelines. This bill also seeks to address concerns related to enforcement timelines. The sponsors of this bill have said that product embargos or recall orders can have extreme financial impacts on DCC licensees, and these impacts are particularly problematic for licensees who runs small or midsize cannabis businesses. Currently, when the DCC has evidence that a licensee's product is adulterated or misbranded, the it must provide notice to a licensee. Following this notice, a licensee can work with the DCC through an informal process to recall, remediate, or destroy the product.

Stakeholders have stated that this informal process is not clearly defined and as a result, products often lose value or expire while a licensee is contesting a DCC notice, recall or embargo. This bill would require that when the DCC has found a licensee's product to be adulterated, misbranded or subject to an administrative error, the DCC may not order a mandatory recall, a voluntary recall, or a product condemnation until the meet and confer periods associated with each of these actions has lapsed.

Evidentiary Disclosure Requirements. This bill also seeks to increase evidentiary disclosure requirements associated with the DCC enforcement actions. Currently, when the DCC has evidence that a product is misbranded or adulterated, it must provide notice to a licensee. Existing law does not provide details about the form or content of this notice. This bill would require that the notice provide specific evidence about the violation including lab testing data, if applicable, as well as chain of custody documentation, the identity of the laboratory responsible for testing, and a description of the sampling methodology used.

In cases where DCC issues a mandatory recall order, DCC is currently required to notify a licensee of the facts that necessitate the recall. This bill would require that the notice of a mandatory recall includes the evidence upon which the recall order is based. This bill would also set similar notice requirements for cases where DCC embargoes a licensee's product.

Administrative Error. Currently, there are two categories of cannabis product violations. These categories are adulteration and misbranding. Under existing law a cannabis product can be adulterated in a variety of circumstances which include: contamination; presence of a putrid or decomposed substance; presence of poison; presence of a restricted or limited substance; cases where the products concentration or purity is different than what it represents to possess; it was produced in facilities which do not conform to applicable laws; its container contains a poisonous substance; or it has been mixed with another substance after testing in a testing facility. Under existing law, a product can be misbranded in the following situations: it was cultivated or processed in a facility that is not duly licensed; its labeling is false or misleading; or its labeling does not conform to applicable requirements.

This bill would create a third category of violations for administrative errors. This bill states that a product is contains an administrative error when: its labeling does not conform to applicable labeling requirements; the laboratory conducting compliance testing for a product made clerical error; its concentrations or purity differ from what it represents to possess the methods facilities or controls used for its production do not conform to applicable requirements under this division; or it has been mixed with a substance after laboratory testing which dilutes its purity. This bill would permit the DCC to conduct enforcement actions based on administrative errors in every instance that they would otherwise be able to conduct an enforcement action based on misbranding or adulteration.

Current Related Legislation. AB 2532 (Irwin) would limit the amount of THC that can be contained in an edible cannabis beverage to 10 milligrams per beverage container and require that the telephone number for the national Poison Help line is included on the packaging for all edible cannabis products and cannabis beverages. *AB 2532 is pending a hearing in this Committee.*

AB 2537 (Chen) would require DCC to prioritize its enforcement of MAUCRSA based on a risk-based framework that focuses on material threats and decreases the severity of enforcement for minor technical or administrative violations of the act. *AB 2537 is pending a hearing in this Committee.*

Prior Related Legislation.SB 758 (Bradford) of 2021, would have lowered the maximum fine amount for a violation by a licensee from $5,000 per violation to $4,000 per violation. *SB 758 died pending a hearing in the Senate Business, Professions and Economic Development Committee.*

AB 141 (Committee on Budget), Chapter 70, Statutes of 2021, consolidated the state cannabis licensing authorities into the DCC, among other changes to MAUCRSA.

AB 97 (Committee on Budget), Chapter 40, Statutes of 2019, established the authority of state licensing entities to issue citations and administrative fines for cannabis law violations.

ARGUMENTS IN SUPPORT:

The *California Cannabis Industry Association* (CCIA)is sponsoring this bill. According to CCIA, this bill: “introduces reasonable, necessary changes to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to ensure that due process protections for licensees keep pace with the state’s enforcement efforts.”

Kiva Brands supports this bill, writing that this bill would: "would strengthen due process protections for licensed cannabis operators by requiring the Department of Cannabis Control (DCC) to provide supporting documentation when notifying licensees of findings of adulteration, misbranding, or probable cause to issue an embargo. This bill is a fundamental and necessary step that increases transparency for operators, protects small businesses from arbitrary enforcement, and ensures licensed operators can understand and respond to key regulatory decisions affecting their future."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUE FOR CONSIDERATION:

Meet and Confer for Citations. This bill would apply the "meet and confer" opportunity to citations issued to licensed and unlicensed individuals. The timelines and procedures for the meet and confer opportunity are currently used as part of the mandatory recall process, where the product and potential harm to consumers are at stake. Notwithstanding the technical questions surrounding the process, as discussed under the Implementation Issues section of this analysis, this process is atypical for this type of enforcement action, and there is already an informal conference process, as outlined in the DCC's regulations.

IMPLEMENTATION ISSUES:

Potential Conflicts with Existing DCC Regulations. Several of the changes that this bill makes to MAUCRSA would affect the DCC's enforcement procedures. The DCC has not commented on this bill or released any information concerning the potential effects that it could have on the its enforcement program. As a result, there are a number of open questions about the potential effects of this bill on licensees and the DCC. Some of these questions include: whether the addition of a meet and confer requirement would conflict with, or have any adverse effects on current DCC enforcement practices; whether the DCC currently has any internal guidance or policy regarding evidentiary requirements for enforcement notices; whether the additional evidentiary requirement for notices in this bill would interfere with existing DCC enforcement procedures; and whether the addition of administrative error as a category of violation would have any adverse effects on licensees or DCC. Input from the DCC would be helpful in determining the effects that this bill would have on DCC enforcement and what, if any, amendments could be made to improve the integration of this bill into the existing DCC enforcement program.

Meet and Confer Timeframes and Procedures. As written, the meet and confer requirements in this bill would require that within five days of certain DCC enforcement actions, the DCC would be required to meet and confer with the licensee who is the subject of the action.

The first potential issue with the meet and confer requirements in this bill are that the timeframes for the meet and confer opportunities are unclear. Section 26031.5(c) requires that a citation "shall include an opportunity to meet and confer on the matter with department personnel with knowledge of the matter within five business days of the issuance of the citation." It is unclear whether this five-day period is the time allotted for the DCC to conduct a meeting and confer, or the time allotted for a licensee to request to meet and confer. Additionally, citations can be served

by mail, and it is likely that in many cases, by the time the citation is served on a licensee, the time to request to meet and confer will already have lapsed.

A second related issue is that the timeframes imposed by the meet and confer provisions in this bill are shorter than those contained in DCC regulations. As a result, DCC may find these timeframes impracticable or unreasonable. DCC has not yet weighed in on this bill, but the five-day timeframe contained in the bill is considerably shorter than DCC is currently allotted to respond to a request for other informal conferences under existing law. It would likely be helpful to discuss the timeframes proposed by this bill with the DCC.

Meet and Confer Purpose. As written, this bill establishes that the DCC shall allow licensees to meet and confer with DCC staff at various points in the enforcement process. One potential issue with this meet and confer process is that the process as written does not require any action by the DCC following the opportunity to meet and confer. Under existing law, licensees who receive a citation, or whose product is subject to a mandatory recall are allowed to engage in an informal process with the DCC, where after the two parties meet to discuss the enforcement action in question, the DCC is required to send the licensee a notice stating their decision to either affirm, modify, or dismiss the action. This requirement is important to the process because it requires that the DCC makes a decision following the opportunity to meet with the licensee, and informs the licensee of their decision. Adding similar requirements to the meet and confer provisions in this bill could further the author and sponsor's stated purpose for the bill by increasing the effectiveness of the DCC's informal enforcement processes.

Evidentiary requirements in DCC Notices. As written, this bill broadens the requirements for notices that the DCC issues pursuant to the department's enforcement actions. This bill requires that the DCC notices relating to a mandatory recall order, or a product embargo must be accompanied by clear, articulable facts and evidentiary documentation supporting the department's legal basis for the embargo, including, but not limited to, all of the following: the specific section or subdivision of code or regulation alleged to be violated; a copy of the laboratory certificate of analysis and testing data, if applicable; chain of custody documentation; a detailed description of the sampling procedure; any photographic, electronic, or other evidence, if applicable; and a summary of the evidence supporting the finding of adulteration, misbranding, or administrative error. Stakeholders have expressed that additional evidentiary requirements in the DCC notices would be helpful in addressing violations and contesting enforcement action, but the specific requirements in this bill could potentially be overly onerous for the DCC. These requirements could be amended to require only the forms of evidence contained in the code section that DCC has and used as the basis of the enforcement action.

Administrative Error. As written, this bill creates an administrative error violation category. The creation of this category could pose a number of implementation challenges. First, this new category seems to be different from the misbranded and adulterated categories because unlike those categories of violations, this new category seems to assign intent to the violations in the category. Violations for products which are misbranded or adulterated could potentially be committed with any degree of intent (e.g. purposefully, recklessly, negligently). However, the administrative error category appears to make the determination that all of the violations contained in it were committed in error or negligently. The assignment of intent to these violations raises a number of questions and is potentially outside the scope of what this bill intended to do.

The administrative error category could also potentially have unforeseen effects on DCC enforcement practices. The author and sponsor of this bill have expressed that one of the primary purposes of the bill is to increase clarity for licensees during DCC enforcement actions and add due process protections to the enforcement process. As written, this bill allows for enforcement actions based on an administrative error in all circumstances which, enforcement actions could be pursued based on misbranded or adulterated products. This could allow the DCC to embargo products, issue mandatory recalls, issue citations, and commence condemnation proceedings for products which it determines to contain an administrative error.

Section 26039.7. (a) of this bill, which is the first subsection which describes what an administrative error is, states that "cannabis or a cannabis product has an administrative error if it has any of the following." This language seems to suggest that the administrative error violation category, as defined, is not a closed list. As a result, this bill could potentially allow the DCC, in its discretion, to pursue nearly any enforcement action against a licensee for any product which it determines to have an administrative error.

Further, this bill adds administrative error, in addition to adulteration or misbranding, to the violations that an administrative law judge may consider when making a finding during the hearing process. The current drafting allows the judge to order the destruction of the product for administrative errors alone, even if the product is not adulterated or misbranded.

This could potentially decrease clarity for licensees during the enforcement process, and more research into the potential effects of the creation of this violation category appears to be necessary. Because of the potential implementation issues listed above, the author may wish to amend sections 4, 5 and 6 out of this bill so that they can be further discussed, and potentially reincorporated into this bill at a later date.

Uncommon and Undefined Terms. This bill utilizes a number of terms that are not commonly used in the context of administrative enforcement actions, are terms of art used elsewhere, or are otherwise not clearly defined in the context of this bill. The author may wish to amend the bill to use terms that are used more commonly in this context.

AMENDMENTS:

In order to address implementation concerns raised in the analysis, and in response to technical feedback sent to the Committee from the author and the sponsor, amend the bill as follows:

1) To address the issues raised regarding "meet and confer" for citations, amend the bill to utilize existing informal conference procedures:

On page 1, after line 10:

26031.5. (a) The department may issue a citation to a licensee or unlicensed person for any act or omission that violates or has violated any provision of this division or any regulation adopted pursuant to this division. The department shall issue the citation in writing, ~~and shall describe with particularity the basis of the citation, and the notification described in subdivision (d).~~ *(c). The citation shall describe with particularity, the legal and factual basis of the citation, and it shall also include the notification described in subdivision (c).* The department may include in each citation an order of abatement and fix a reasonable time for abatement of the violation. The department may, as part of each citation, assess an administrative fine not to exceed five

thousand dollars ($5,000) per violation by a licensee and thirty thousand dollars ($30,000) per violation by an unlicensed person. Each day of violation shall constitute a separate violation.

(1) In assessing a fine, the department shall give due consideration to the appropriateness of the amount of the fine with respect to factors the department determines to be relevant, including the following:

~~(1)~~ *(A)* The gravity of the violation by the licensee or person.

~~(2)~~ *(B)* The good faith of the licensee or person.

~~(3)~~ *(C)* The history of previous violations.

On page 1, after line 34:

~~(c) A citation issued pursuant to this section shall include an opportunity to meet and confer on the matter with department personnel with knowledge of the matter within five business days of the issuance of the citation.~~

~~(d)~~ *(c)* A citation issued pursuant to this section shall include a provision that notifies the licensee or person that a hearing *or an informal conference* may be requested to contest the finding of a violation by submitting a written request within 30 days from service of the citation.

(1) (A) The hearing shall be held pursuant to the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), ~~unless.~~

(B) The informal conference shall held in accordance with the provisions of Chapter 4.5 (commencing with Section 11400) *of Part 1 of Division 3 of Title 2 of the Government Code),* as authorized by *the requirements contained in subsection (c)(2) and the* regulation of the department.

(C) If the licensee ~~or person cited~~ fails to submit a written request for a hearing *or an informal conference* within 30 days from the date of service of the citation, the right to a hearing is waived and the citation shall be deemed a final order of the department and is not subject to review by any court.

(2) The department shall, within 15 calendar days after receipt of the written request, hold an informal conference with the cited licensee and/or their legal counsel or authorized representative.

(A) At this conference, the cited licensee, will be allowed the opportunity to meet with a representative of department who has knowledge of citation. The department representative shall describe the factual and legal basis for the citation to the cited licensee, if requested. The cited licensee shall be allowed to present evidence and argument as to why the citation should be modified, or dismissed.

(B) After the informal conference, the department shall affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. The department shall notify the cited licensee of its decision and the reasoning supporting the decision via written notification, which shall be mailed to the cited licensee and their legal counsel, if any, within 15 calendar days after

the date of the informal conference. This decision shall be deemed to be a final order with regard to the citation issued, including the levied fine and/or the order of abatement, if any.

(C) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed or modified, the cited licensee may either withdraw the request for a hearing or proceed with the administrative hearing process.

(D) If the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.

~~(e)~~ *(d)* After the exhaustion of the administrative and judicial review procedures, the department may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited person to comply with the order of the department. The application, which shall include a certified copy of the final order of the department, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

~~(f)~~ *(e)* The department may recover from the licensee or person who was the subject of the citation costs of investigation and enforcement, which may include reasonable attorney's fees for the services rendered. If the department recovers costs from a licensee, the department shall recover the costs pursuant to Section 26031.1.

~~(g)~~ *(f)* Fines shall be paid within 30 days of service of a citation by the department. Failure to pay a fine assessed pursuant to this section within 30 days of the date of service of the citation, unless the citation is being appealed, shall constitute a separate violation under this division subject to additional action by the department. The department shall not renew or grant a license to a person who was the subject of the fine until that person pays the fine.

~~(h)~~ *(g)* All moneys collected pursuant to this section associated with the recovery of investigation and enforcement costs shall be deposited into the Cannabis Control Fund. Any administrative fine amount shall be deposited directly into the Cannabis Fines and Penalties Account and shall be distributed pursuant to subdivision (d) of Section 26210.

2) To remove the term "chain of custody" to avoid confusion with the evidentiary defense process and track and trace requirements on licensees:

On page 3, after line 108:

(1) The notification shall include *the following, if used by the department as the basis of the notice described in subsection (a):* a copy of the laboratory certificate of analysis and testing data, if applicable, and a summary of the evidence supporting the finding of adulteration, misbranding, or administrative error, including the identity of the laboratory, if applicable, the chain of custody documentation, and a description of the *collection and* sampling methodology used.

(2) The ~~notification~~ *notice* shall also state whether or not the department has determined that a mandatory recall will be ordered.

On page 4, after line 147:

(d) (1) Simultaneously with the issuance of a mandatory recall order, the department shall provide the licensee with a summary of the department's determination for the recall and the specific evidence upon which the order is based~~, including, but not limited to~~, *which may include but is not limited to,* all of the following:

On page 4, after line 156:

(C) ~~Chain of custody~~ *sampling methodology* documentation.

On page 6, after line 240:

(B) The notice shall be accompanied by clear, articulable facts and evidentiary documentation supporting the department's legal basis for the embargo, ~~including, but not limited to, all of~~ *which may include, but is not limited to* the following:

On page 6, after line 248:

(iii) ~~Chain of custody~~ *sampling methodology* documentation.

3) To clarify the informal conference requirement for voluntary recalls:

On page 3, after line 122:

(2) Prior to a voluntary recall by the licensee, the department, ~~within five business days of delivery of the notification required by subdivision (a),~~ shall provide the licensee with an opportunity for ~~a meet and confer~~ *an informal conference* on why the cannabis or cannabis product is considered adulterated or misbranded, or to have an administrative error. The ~~meet and confer~~ *informal conference* shall be with department staff who are knowledgeable on the matter and shall provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded, does not contain an administrative error, and is not otherwise in violation of this division. The department shall not permit destruction of the product until either the ~~meet and confer~~ informal conference process has concluded, or the licensee has declined to ~~meet and confer~~ *participate in the informal conference*.

(A) Following the informal conference the department may determine that a product does not need to be recalled. If the department determines that a product does not need to be recalled, they shall send the licensee a written notice which will serve as a final decision on the matter.

4) For further informal conference clarifications and APA conforming changes:

On page 4, after line 165:

(2) (A) ~~Within five business days of issuance of the recall order, the department shall provide the licensee shall have an opportunity for a meet and confer on the matter, including on the actions required by the order and on why the cannabis or cannabis product should not be recalled. The meet and confer shall be held with department staff who are knowledgeable on the matter and~~

~~shall provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded, does not contain an administrative error, and is not otherwise in violation of this division.~~ *The department shall provide the licensee an opportunity for an informal conference on the order. The department shall permit the licensee to request an informal conference for 5 days following the delivery of the order to the licensee. If the licensee fails to submit a written request for an informal conference within 5 calendar days from the delivery of the order to the licensee, the right to an informal conference is waived and the order shall be deemed a final order of the department. The informal conference shall be held in accordance with the provisions of Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code), as authorized by the requirements contained in subsection (d), and by regulations of the department.*

(C) The department shall, within 15 calendar days after receipt of the request, hold an informal conference with the licensee and/or their legal counsel or authorized representative.

(i) At this conference, the licensee, will be allowed the opportunity to meet with a representative of department who has knowledge of the order. The licensee will be allowed to present evidence and argument as to why the order should be modified, or set aside.

(ii)After the informal conference, the department shall affirm, modify, or set aside the order. The department shall notify the licensee of its decision and the reasoning supporting the decision via written notification, which shall be mailed to the cited licensee and/or their legal counsel or authorized representative, if any, within 15 calendar days after the date of the informal conference. This decision shall be deemed to be a final order of the department.

~~(B)~~ *(D)* The department shall not permit destruction of the product until either the ~~meet and confer~~ *informal conference* process has concluded or the licensee has declined to ~~meet and confer~~ *the informal conference*. ~~Following the meet and confer or the licensee's decision not to meet and confer, the order shall be affirmed, modified, or set aside as determined appropriate by the department in a written decision setting out the reasons for the action taken.~~

On page 6, after line 257:

(C) The notice shall be sent to the licensee within 5 calendar days of the tag or marking being placed on a product.

On page 7, after line 280:

(d) (1) For any cannabis or a cannabis product that is embargoed, the department shall provide the licensee with an opportunity ~~to meet and confer~~ *for an informal conference* on the matter within ~~five business~~ *15 calendar* days of the delivery of the notification required by paragraph (2) of subdivision (a). The meeting shall include department personnel with knowledge of the matter and shall provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded, does not contain an administrative error, and is not otherwise in violation of this division.

(2) The department shall ~~work diligently to~~ make a final determination on whether or not the cannabis or cannabis product is adulterated or misbranded, or has an administrative error, or the sale of the cannabis or cannabis product would be in violation of this division*, within 15 calendar days from the date of the informal conference.* ~~If the department takes longer than five~~

~~business days to make a final determination, the department shall provide the affected licensee with weekly updates on the determination process and a summary of remaining action items until a final determination is made.~~

(3) If the department finds that cannabis or a cannabis product that is embargoed is not adulterated or misbranded, or does not have an administrative error, or that its sale is not otherwise in violation of this division, the department shall remove the tag or other marking within ~~24 hours~~ *five calendar days* of that determination.

On page 8, after line 309:

~~(B) (i) A proceeding for condemnation shall be initiated by the department within 10 days of the department's rejection of a corrective action plan submitted by the licensee, or within 10 days of the embargo if no corrective action plan is submitted.~~

(B) If the Department cannot approve the plan, or the Department does not receive a response from the licensee within seven (7) calendar days after providing the notice described in subsection (c), the Department may initiate condemnation proceedings in accordance the provisions of this section.

~~(ii) Failure of the department to approve a corrective action plan or initiate condemnation proceedings within this timeframe shall result in the automatic release of the embargo, unless an administrative law judge determines that the department has shown good cause for the delay.~~

On page 8, after line 326:

~~(2) (A) Notwithstanding the timelines in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, if the cannabis or cannabis product subject to condemnation is a perishable agricultural product, the administrative law judge shall schedule the hearing no later than five business days after the petition for condemnation is filed, upon request of the licensee.~~

~~(B)~~ *(2)* The administrative law judge shall ~~issue~~ *submit* a *proposed* decision within ~~48 hours~~ ~~of the conclusion of the hearing~~ *30 days after the case is submitted to him or her, in a form that may be adopted by the agency as the final decision in the case*.

5) To reserve issues around the administrative errors for a later time, strike sections 4-6 from the bill:

On page 9, after line 361:

~~**SEC. 4.** Section 26039.5 of the Business and Professions Code is amended to read:~~

~~**26039.5.** (a) Cannabis or a cannabis product is misbranded if it is any of the following:~~

~~(1) Cultivated, processed, manufactured, packed, or held in a location not duly licensed as provided in this division.~~

~~(2) Consists of cannabis or cannabis product that was cultivated, processed, manufactured, packed, or held in a location not duly licensed as provided in this division.~~

~~(3) Its labeling is false or misleading in any particular.~~

~~(b) It is unlawful to cultivate, process, manufacture, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is misbranded.~~

~~(c) It is unlawful to misbrand cannabis or a cannabis product.~~

~~(d) It is unlawful to receive in commerce cannabis or a cannabis product that is misbranded or to distribute, deliver, or offer for delivery any such cannabis or cannabis product.~~

~~**SEC. 5.** Section 26039.6 of the Business and Professions Code is amended to read:~~

~~**26039.6.** (a) Cannabis or a cannabis product is adulterated if it is any of the following:~~

~~(1) It has been produced, prepared, packed, or held under unsanitary conditions in which it may have become contaminated with filth or in which it may have been rendered injurious.~~

~~(2) It consists, in whole or in part, of any filthy, putrid, or decomposed substance.~~

~~(3) It bears or contains any poisonous or deleterious substance that may render it injurious to users under the conditions of use suggested in the labeling or under conditions that are customary or usual.~~

~~(4) It bears or contains a substance that is restricted or limited under this division or regulations promulgated pursuant to this division and the level of substance in the product exceeds the limits specified pursuant to this division or in regulation.~~

~~(5) Its container is composed, in whole or in part, of any poisonous or deleterious substance that may render the contents injurious to health.~~

~~(b) It is unlawful to cultivate, manufacture, distribute, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is adulterated.~~

~~(c) It is unlawful to adulterate cannabis or a cannabis product.~~

~~(d) It is unlawful to receive in commerce cannabis or a cannabis product that is adulterated or to distribute, deliver, or proffer for delivery any such cannabis or cannabis product.~~

~~**SEC. 6.** Section 26039.7 is added to the Business and Professions Code, to read:~~

~~**26039.7.** (a) Cannabis or a cannabis product has an administrative error if it has any of the following:~~

~~(1) Its labeling or packaging does not conform to the requirements of Section 26120 or any other labeling or packaging requirement established pursuant to this division.~~

~~(2) The laboratory conducting compliance testing on the product makes a clerical error in the track and trace system in reporting test results.~~

~~(3) Its concentrations differ from, or its purity or quality is below, that which it is represented to possess.~~

~~(4) The methods, facilities, or controls used for its cultivation, manufacture, packing, or holding do not conform to, or are not operated or administered in conformity with, practices established by regulations adopted under this division to ensure that the cannabis or cannabis product meets the requirements of this division as to safety and has the concentrations it purports to have and meets the quality and purity characteristics that it purports or is represented to possess.~~

~~(5) It is a cannabis product and a substance has been mixed or packed with it after testing by a testing laboratory so as to reduce its quality or concentration or if a substance has been substituted, wholly or in part, for the cannabis product.~~

~~(b) It is unlawful to cultivate, manufacture, distribute, sell, deliver, hold, or offer for sale cannabis or a cannabis product that has an administrative error.~~

~~(c) It is unlawful to receive in commerce cannabis or a cannabis product that has an administrative error or to distribute, deliver, or proffer for delivery cannabis or cannabis product that has an administrative error.~~

REGISTERED SUPPORT:

Ametrine Wellness dba Jetty Extracts
ALG Strategies
Austin Legal Group
Big Pete's Treats
California Cannabis Industry Association (sponsor)
California Cannabis Operators Association
Central California Cannabis Club
Cannabis Distribution Association
California NORML
Embarc
Equity Trade Network
Good Famers Great Neighbors
Highlands Dispensary
Humboldt County Growers Alliance
Kiva Brands, Inc.
Level
Mammoth Distribution
Mendocino Cannabis Alliance
Nug Inc.
Origins Council
PacStone
Trinity County Agriculture Alliance
UpNorth Distribution
Weedmaps
West Coast Cure

REGISTERED OPPOSITION:

There is no opposition on file.

Analysis Prepared by: Connor Urschel / Vince Chee / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1850 (Irwin) – As Introduced February 11, 2026

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

SUBJECT: Real estate: wholesaling.

SUMMARY: Expands the definition of a real estate broker to include real estate wholesaling, as specified; prohibits real estate wholesaling without a broker license, and requires certain disclosures in the procurement process and advertisement of real estate wholesale transactions.

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 Department of Real Estate (DRE) to administer the Real Estate Law. (BPC § 10004)

3) Prohibits a person from engaging in acting in the capacity of, advertising themself as, or assuming to act as a real estate broker or a real estate salesperson without first obtaining a real estate license from the DRE. (BPC § 10130)

4) Defines a real estate broker as a person who, for a compensation or in expectation of a compensation, regardless of the form or time of payment, does or negotiates to do one or more of the following acts for another or others:

    a) Sells or offers to sell, buys or offers to buy, solicits prospective sellers or buyers of, solicits or obtains listings of, or negotiates the purchase, sale, or exchange of real property or a business opportunity,

    b) Leases or rents or offers to lease or rent, or places for rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase, or exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or improvements thereon, or from business opportunities,

    c) Assists or offers to assist in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the state or federal government,

    d) Solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, and

e) Sells or offers to sell, buys or offers to buy, or exchanges or offers to exchange a real property sales contract, or a promissory note secured directly or collaterally by a lien on real property or on a business opportunity, and performs services for the holders thereof.

(BPC § 10131)

5) Requires that a licensed broker shall, within one month after the closing of a transaction in which title to real property or in the sale of a business when real or personal property is conveyed from a seller to a purchaser through that licensed real estate broker, inform the seller and purchaser in writing of the selling price thereof and that, in the event an exchange of real property or a business opportunity is involved, such information shall include a description of said property and amount of added money consideration, if any; if the transaction is closed through escrow and the escrow holder renders a closing statement which reveals such information, the statement shall be deemed compliance with this section on the part of the broker. (BPC § 10141)

6) Authorizes the Real Estate Commissioner to, upon their own motion, investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee, and requires that they do so upon the verified complaint in writing of any person; authorizes the Commissioner to temporarily suspend or permanently revoke a real estate license at any time where the licensee, in performing or attempting to perform any of the acts within their scope, has been guilty of specified acts, including, among others:

a) Making any substantial misrepresentation,

b) Making any false promises of a character likely to influence, persuade, or induce,

c) A continued and flagrant course of misrepresentation or making of false promises through licensees, and

d) Acting for more than one party in a transaction without the knowledge or consent of all parties thereto.

(BPC § 10176)

THIS BILL:

1) Adds entering into, or offering to enter into, a contract or option to purchase real property with the intent to sell, assign, or market that contract or option to another person for compensation or profit to the acts that constitute a real estate broker.

2) Defines “wholesaling” as entering into, or offering to enter into, a contract or option to purchase real property with the intent to sell, assign, or market that contract or option to another person for compensation or profit.

3) Prohibits a person from engaging in wholesaling, as defined, unless they hold a valid real estate license issued by the DRE.

4) Requires a wholesaler to clearly disclose in writing to any property owner with whom they contract that the wholesaler does not intend to take title to the property, but that they are

instead seeking to assign or sell their contract rights, and that they may market or resell the contract for a profit before closing.

5) Requires that any advertisement or offer to sell or assign a contract or option pursuant to wholesaling to clearly disclose in writing that the person making the offer does not hold legal title to the property.

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

COMMENTS:

Purpose. This bill is sponsored by the *California Association of Realtors.* According to the author:

> Real estate wholesalers, individuals who place homes under contract and assign those contracts to third-party buyers, are increasingly operating in a regulatory gray area, despite performing functions similar to licensed brokers. This lack of oversight leaves homeowners, often distressed or vulnerable, and buyers at risk of entering transactions without full transparency, sometimes costing them tens of thousands of dollars. AB 1850 clarifies that real estate wholesaling constitutes licensed activity under the California Department of Real Estate and requires clear, upfront disclosure of the wholesaler's role, including that they do not hold title and may profit from the assignment. By aligning these transactions with existing real estate safeguards, this bill strengthens consumer protections and ensures more informed, transparent decision-making.

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*.).

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 DRE issues licensure in two categories: an entry-level "real estate salesperson" license, and a more comprehensive "broker" license. While salespersons can represent buyers, sellers, lenders, and landlords in transactions, they must do so under the supervision of broker. Brokers can do all of these activities independently, and can also operate their own firm and hire salespeople. Moreover, only real estate brokers can post listings of homes for sale on behalf of the seller.

Licensed Transactions. Crucially, real estate licensees act as intermediaries in transactions between a buyer and a seller of real estate. In fact, statutes describing the specific activities of a "real estate broker" are limited to those done "for a compensation or in expectation of a

compensation […] for another or others."[1] This means that many, but not all, real estate transactions in California involve the use of a licensed real estate professional. For example, an individual can list and sell property they own the title to so long as they handle the entirety of the sales process, including all contracts, inspections, mandatory disclosures, legal documents, and other associated activities.

While California indeed has established laws[2] governing such transactions, colloquially called "For Sale By Owner" (FSBO), these sales do not necessarily require a broker license so long as the transaction process remains entirely between the buyer and seller. Similarly, many prospective purchasers choose to forgo utilizing a broker or salesperson to find real estate and instead pursue the buying process on their own, particularly with the rise of online listings. Nonetheless, according to a report by the National Association of Realtors, recent data demonstrates that over 80% of buyers purchased their home through an agent or broker in between July 2024 and June 2025, while FSBO transactions in the same time period fell to an all-time low of 5%.

DRE Enforcement Proceedings. To achieve its mission of safeguarding the public interest in real estate matters, the DRE maintains a robust enforcement program designed to ensure compliance with the Real Estate Law and related statutes. Because the DRE is impacted by the cyclical nature of the real estate market, its Enforcement Division must adapt to varying demands, ranging from background reviews during market "booms" to investigating foreclosure rescue and loan modification fraud during "busts". To manage these demands effectively, the DRE prioritizes its caseload into three categories: "Urgent" cases involving predatory criminal actions, lending issues, and elder abuse; "Priority" cases involving unlicensed activity, fraud, and trust fund handling; and "Routine" cases focused on standards of practice and advertising violations.

The enforcement process typically begins with a complaint filed by a member of the public, a licensee, or a government agency. Upon receipt, Special Investigators perform a preliminary review to determine if there is sufficient information to warrant a formal investigation. The Department's internal goal is to complete standard investigations within 180 days, while complex fraud cases involving multiple victims may take up to a year.

When investigations confirm violations, the DRE has several avenues for enforcement. For minor compliance issues or confirmed unlicensed activity, the DRE may issue citations and administrative fines. In more serious instances, the DRE files a formal accusation, which notifies the licensee of the intent to pursue disciplinary action such as license suspension or revocation. Unlike many other state agencies, the DRE handles its own enforcement cases rather than relying on the Attorney General, often resolving investigations through stipulated settlements (agreed-upon discipline) prior to an administrative hearing.

Real Estate Wholesaling. In recent years, "wholesaling" has become an increasingly popular sales scheme in the real estate market. According to the sponsor, "wholesaling" generally refers to the practice of entering into a contract to purchase real property with the intent to assign that contract to a subsequent buyer for a fee or profit, rather than completing the purchase. By carefully structuring their contracts to include re-assignment clauses and ambiguous exit terms, wholesalers enter purchase agreements as principal buyers but do not actually intend to take title

---

[1] Business and Professions Code § 10131
[2] Civil Code § 1091 *et. seq.*

to the property. In this way, a wholesaler can potentially sell a property at a far lower cost-of-entry than traditional "house flipping", where individuals take title to distressed property and resell it at a higher price. For example, under a wholesaling sales model, an individual could enter into a purchase contract for a home with small down payment relative to the overall cost of the home, then resell their contract rights for an even higher purchase price, without ever assuming the risk of taking on a mortgage loan or the wider purchase cost of the home itself.

The author and sponsor contend that in many instances, the initial property seller is unaware that the buyer intends to re-sell the contract rights for a higher price, which creates opportunities for predatory behavior. Particularly, the sponsor notes that homeowners in vulnerable or distressed situations are often targets of property acquisition by wholesalers. In a letter addressed to the Committee, the sponsor argues that "in some cases, [our members] have witnessed properties that are resold within days for substantially higher amounts, with the original seller unaware of the true value of their property or the role the wholesaler played." Recently, other states have passed legislation to more directly regulate real estate wholesale transactions. Pennsylvania requires people engaged in real estate wholesaling to be licensed as a "Residential Property Wholesaler" according to that state's Real Estate Licensing and Registration Act, similar to this bill. Illinois requires licensure for individuals who make more than a single wholesale transaction in a 12-month period.

As such, the author and sponsor have put forward this bill to explicitly establish real estate wholesaling as a licensed activity under the Real Estate Law. Specifically, this bill establishes that, among existing activities under BPC Section 10131 that require licensure as a real estate broker, a real estate broker is any person who, for another or others, "enters into, or offers to enter into, a contract or option to purchase real property with the intent to sell, assign, or market that contract or option to another person for compensation or profit." The bill further establishes a new section of the Real Estate Law specific to wholesaling, and specifies that "wholesaling" has the same definition as that added to Section 10131. The bill specifically prohibits a person from engaging in wholesaling unless they hold a valid real state license, and further requires that a wholesaler shall clearly disclose in writing to any property owner with whom they contract that they do not intend to take title to the property and that they plan to market and sell it for a profit. Finally, the bill requires that any advertisement or offer to sell or assign a contract or option shall clearly disclose in writing that the person making the offer does not hold legal title to the property.

Prior Related Legislation. SB 774 (Ashby), Chapter 786, Statutes of 2025, extended the sunset dates for the DRE and the Bureau of Real Estate Appraisers, respectively, and enacted revisions based on the sunset review of those entities.

AB 723 (Pellerin), Chapter 497, Statutes of 2025, required that a digitally-altered image used in an advertisement or other promotional material for the sale of real estate include a reasonably conspicuous statement located on or near the image stating that the image has been digitally altered and language indicating that the unaltered images can be accessed on a linked internet website, URL, or QR code.

ARGUMENTS IN SUPPORT:

This bill is sponsored by the *California Association of Realtors,* who write: "AB 1850 [provides] the clarity necessary to protect consumers and support effective enforcement in California. By

removing ambiguity, the bill gives regulators a workable standard and closes the loophole that allows bad actors to evade oversight through form over substance."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUE(S) FOR CONSIDERATION:

Legitimate Activity under Existing Law. While the author and sponsor contend that people engaged in wholesaling "functionally [act] as intermediaries" in a transaction, and thus should be licensed as brokers, is it unclear to Committee staff whether all instances of wholesaling warrant what would otherwise be considered licensed activity under the DRE. For instance, the DRE has taken enforcement action against individuals and/or entities purported to be engaged in "wholesaling" for violations of the Real Estate Law, such as deliberate misrepresentation or for conducting certain unlicensed activities. These cases involve individuals or entities performing many of the same activities licensed real estate brokers currently do for clients: preparing the contract, arranging for inspections, and closing negotiations all on behalf of another individual or entity who will ultimately purchase and own the property, while structuring contracts in a way that makes ultimate liability for the purchase unclear.

Conversely, if an individual legitimately enters into a real estate contract as a principal buyer, and clearly assumes all of the risk and contractual obligations that would culminate in a transfer of title, then subsequently sells the rights to that contract to another buyer for a premium, this is functionally the same as a FSBO transaction or "house flipping," activities that California specifically does not license. While there is a strong argument that such activity should still be regulated, and that laws should still specify certain disclosure guarantees and consumer protections, this does not mean such activity should necessarily require licensure as a broker under the DRE.

To the degree that wholesaling activity truly constitutes that which would otherwise require licensure (that is, serving as a true intermediary in a real estate transaction between a predetermined buyer and seller), the author and sponsor should consider ways to strengthen existing statute in the Real Estate Law to more explicitly delineate when wholesaling activity crosses the threshold into real estate activity, and clarify what specific acts constitute a violation of Real Estate Law. Additionally, to the degree that wholesaling activity remains a transaction solely between a principal buyer and a seller, further specificity in law regarding disclosures, contract rights, and consumer remedies is certainly warranted. For example, should this bill continue through the legislative process, the author and sponsor could explore additions to language contained in Section 1102 of the Civil Code, which establishes specific disclosures that are required in transfers of property.

IMPLEMENTATION ISSUES:

Unenforceable Terminology. In describing what activities constitute a "real estate broker" under the Real Estate Law, Section 1 of this bill includes, among other activities, entering into a contract to purchase real estate "with the intent" to then sell or market that contract for profit. Section 2 of the bill further specifies that "wholesaling" includes this same language regarding "intent" to sell. The author and sponsor contend that this is to more clearly define activities that

the DRE should take enforcement action against. However, the use of the word "intent" may instead further complicate enforcement actions against potential unlicensed actors.

The purpose of this section overall is to give enforcement staff clear, objective actions that constitute an enforcement proceeding. "Intent" is a more subjective term that is much more difficult to enforce in complaint investigations. As such, the author should remove the current references to "intent" in this bill to more clearly define when DRE should take action against alleged unlicensed activity.

Transactions for Another or Others. Section 1 of this bill establishes that activities related to wholesaling shall constitute activities of a "real estate broker" under Section 10131 of the BPC. This section of law specifies that all actions brokers undertake are "for another or others". However, Section 2 of the bill defines these same activities as "wholesaling", but does not specify that they are "for another or others". This not only creates incongruity in the bill language, but may unintentionally force DRE to regulate activities beyond their mandate. As such, the author should amend the bill to specify that "wholesaling" in Section 2 of the bill is specific to actions taken for or on behalf of others.

AMENDMENTS:

To address the policy and implementation concerns noted above, the author has agreed to amend the bill as follows:

On page 2 after line 2:

> **10131.** A real estate broker within the meaning of this part is a person who, for a compensation or in expectation of a compensation, regardless of the form or time of payment, does or negotiates to do one or more of the following acts for another or others:
>
> (a) Sells or offers to sell, buys or offers to buy, solicits prospective sellers or buyers of, solicits or obtains listings of, or negotiates the purchase, sale, *sales contract* or exchange of real property or a business opportunity.
>
> (b) Leases or rents or offers to lease or rent, or places for rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase, or exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or improvements thereon, or from business opportunities.
>
> (c) Assists or offers to assist in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the state or federal government.
>
> (d) Solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.
>
> (e) Sells or offers to sell, buys or offers to buy, or exchanges or offers to exchange a real property sales contract, or a promissory note secured directly or collaterally by a lien on real property or on a business opportunity, and performs services for the holders thereof.
>
> ~~*(f) Enters into, or offers to enter into, a contract or option to purchase real property with the intent to sell, assign, or market that contract or option to another person for compensation or profit.*~~

SEC. 2.

Section 10140.9 is added to the Business and Professions Code, to read:

10140.9. (a) For purposes of this section, "wholesaling" means entering into, or offering to enter into, a contract or option to purchase real property *on behalf of another person* ~~with the intent to~~ *and* sell*ing*, assign*ing*, or market*ing* that contract or option to *them for* ~~another person for~~ compensation or profit.

(b) A person shall not engage in wholesaling unless they hold a valid real estate license issued under this division.

(c) A wholesaler shall clearly disclose in writing to any property owner with whom they contract that the wholesaler *will not* ~~does not intend to~~ take title to the property ~~but~~ *and* is a person seeking to assign or sell their contract rights ~~and may market or resell the contract~~ for a profit before closing.

(d)*(1)* Any advertisement or offer to sell or assign a contract or option under this section shall clearly disclose in writing that the person making the offer does not hold legal title to the property.

(2)Failure to provide this disclosure shall be deemed substantial misrepresentation and subject to disciplinary action pursuant to Section 10176.

REGISTERED SUPPORT:

California Association of Realtors

REGISTERED OPPOSITION:

None on file

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1990 (Gipson) – As Amended March 9, 2026

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

SUBJECT: Pharmacy Law: compounded medications: consumer protection.

SUMMARY: Establishes additional requirements for the compounding of drugs containing glucagon-like-peptide-1 (GLP-1) receptor agonists or similar drug substances used for obesity or weight management and provides that it is unlawful for any person to advertise compounded medications unless the advertisement is truthful and not misleading, as specifically defined.

EXISTING LAW:

1) Establishes the Pharmacy Law. (Business and Professions Code (BPC) §§ 4000 *et seq.*)

2) Establishes the California State Board of Pharmacy (BOP) to administer and enforce the Pharmacy Law. (BPC § 4001)

3) Provides that protection of the public shall be the highest priority for the BOP in exercising its licensing, regulatory, and disciplinary functions. (BPC § 4001.1)

4) Authorizes the BOP to adopt rules and regulations as may be necessary for the protection of the public. (BPC § 4005)

5) Defines "outsourcing facility" as a facility that is engaged in the compounding of sterile drugs and nonsterile drugs in California and is both registered with the Food and Drug Administration (FDA) and licensed by the BOP. (BPC § 4034)

6) Defines "pharmacy" as an area, place, or premises licensed by the BOP in which the profession of pharmacist is practiced and where prescriptions are compounded. (BPC § 4037)

7) Requires a pharmacy to obtain a license from the BOP and establishes information to be provided by pharmacies to the BOP as a condition of license renewal, including a notification to the BOP regarding compounding practices, including compounded human drug preparations distributed outside of the state. (BPC § 4110)

8) Requires each pharmacy to designate a pharmacist-in-charge, subject to approval by the BOP, who is responsible for a pharmacy's compliance with all state and federal laws and regulations pertaining to the practice of pharmacy. (BPC § 4113)

9) Requires pharmacies that contract to compound a drug for parenteral therapy to report that contractual arrangement to the BOP within 30 days of commencing the compounding. (BPC § 4123)

10) Requires every pharmacy to establish a quality assurance program that documents medication errors attributable to the pharmacy or its personnel. (BPC § 4125)

11) Provides that the compounding of drug preparations by a pharmacy for furnishing, distribution, or use in California shall be consistent with standards established in the pharmacy compounding chapters of the current version of the United States Pharmacopeia-National Formulary (USP), including relevant testing and quality assurance; authorizes the BOP to adopt regulations to impose additional standards for compounding drug preparations. (BPC § 4126.8)

12) Requires a pharmacy that issues a recall notice regarding a nonsterile compounded drug product to contact the recipient pharmacy, prescriber, or patient of the recalled drug and the board within 12 hours of the recall notice under specified circumstances. (BPC § 4126.9)

13) Authorizes a pharmacy to distribute compounded human drug preparations interstate if specified conditions are met. (BPC § 4126.10)

14) Requires a pharmacy that compounds sterile drug products to possess a sterile compounding pharmacy license. (BPC § 4127)

15) Prohibits a pharmacy from compounding sterile drug products unless the pharmacy has obtained a sterile compounding pharmacy license from the BOP. (BPC § 4127.1)

16) Prohibits a nonresident pharmacy from compounding sterile drug products for shipment into this state without a sterile compounding pharmacy license issued by the BOP. (BPC § 4217.2)

17) Provides that whenever the BOP has a reasonable belief, based on information obtained during an inspection or investigation by the BOP, that a pharmacy compounding sterile drug products poses an immediate threat to the public health or safety, the executive officer of the BOP may issue an order to the pharmacy to immediately cease and desist from compounding sterile drug products. (BPC § 4127.3)

18) Authorizes the BOP to issue a temporary license to compound sterile drug products upon the conditions and for any periods of time as the BOP determines to be in the public interest. (BPC § 4127.7)

19) Requires a pharmacy that issues a recall notice regarding a sterile compounded drug to contact the recipient pharmacy, prescriber, or patient of the recalled drug as well as the BOP as soon as possible within 12 hours of the recall notice if use of or exposure to the recalled drug may cause serious adverse health consequences or death. (BPC § 4127.8)

20) Requires clinics to retain a consulting pharmacist to approve policies and procedures and to certify in writing quarterly that the clinic is, or is not, operating in compliance with the requirements of the Pharmacy Law. (BPC § 4192)

21) Provides that the BOP shall take action against any licensee who is guilty of unprofessional conduct, with various specific examples provided. (BPC § 4301)

THIS BILL:

1) Defines "bulk drug substance," also known as "active pharmaceutical ingredient (API)," as any substance that is intended for incorporation into a finished drug product and is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body; exempts intermediates used in the synthesis of the substance from this definition.

2) Makes it unlawful to sell, transfer, or distribute a drug compounded under Section 503A of the federal Food, Drug, and Cosmetic Act using a drug substance that is a glucose-dependent insulinotropic polypeptide receptor or GLP-1 receptor agonist used for obesity or weight management or a drug substance that is a component of a similar drug approved by the federal FDA unless the compounder of the drug does all of the following:

   a) Uses bulk drug substances that comply with the following, as applicable:

      i) The standards of an applicable USP or National Formulary monograph, if a monograph exists, and the USP chapter on pharmacy compounding.

      ii) If such a monograph does not exist, the bulk drug substances are drug substances that are components of drugs approved by the FDA.

      iii) If such a monograph does not exist and the drug substance is not a component of a drug approved by the FDA, the bulk drug substances appear on the list developed by the FDA pursuant to the federal Food, Drug, and Cosmetic Act.

   b) Confirms that the bulk drug substance was manufactured according to the process specified in the FDA's approval of the drug label, if applicable.

   c) Ensures that the bulk drug substance is a pharmaceutical grade product.

   d) Verifies that the bulk drug substance is accompanied by a valid certificate of analysis.

   e) Conducts and documents quality control testing of any bulk drug substance prior to its use in a compounded drug to confirm its identity and content and the name and quantity of each impurity present in the bulk drug substance in an amount that exceeds 0.1%.

   f) Conducts and documents quality control testing of finished drug product compounded in batches before release and at expiry for any impurities derived from the use of a bulk drug substance, including the chemical name and quantities of any impurities.

   g) Obtains proof that the manufacture of the bulk drug substance took place in an establishment that meets all of the following:

      i) Is duly registered with the FDA under the federal Food, Drug, and Cosmetic Act.

      ii) Has undergone an inspection by the FDA as a human drug establishment within the last two years.

      iii) Is not subject to an import alert by the FDA.

h) Complies with the federal Food, Drug, and Cosmetic Act, including Section 503A.

3) Provides that it is unlawful for any manufacturer or wholesaler to sell, transfer, or distribute a bulk drug substance for use in compounding without providing to the purchaser written verification that the bulk drug substance is pharmaceutical grade, meets the bill's sourcing and quality control requirements, and is accompanied by a valid certificate of analysis.

4) Subjects violators of the bill's requirements to both a fine of $1,000 per dose of the illegally compounded drug sold, transferred, or distributed and revocation of the person or entity's pharmacy or business license, as applicable.

5) Requires any person or entity engaging in the sale, transfer, or distribution of compounded GLP-1 drugs to maintain all records related to the acquisition, examination, and testing of the bulk drug substance for not less than two years after the expiration date of the last lot of drug containing the bulk drug substance and, upon a request by the BOP, furnish those records within one business day of receiving the request, or within a reasonable time as determined by the BOP based on the circumstances of the request.

6) Authorizes the BOP or its duly authorized agent, or a duly authorized agent of a third party approved by the BOP, to inspect any person or entity that engages in compounding drugs, or any domestic supplier, wholesaler, repackager, or other provider of the bulk drug substance for compounding, for compliance with the requirements of the bill.

7) Provides that refusal to permit the BOP or its duly authorized agent or third-party access to conduct an inspection constitutes a violation subject to enforcement under the bill.

8) Defines "unsubstantiated claim" as any statement, representation, or assertion concerning the safety, efficacy, or other attributes of a drug that is not supported by competent and reliable scientific evidence.

9) Provides that it is unlawful for any person to advertise or otherwise promote compounded medications unless the advertisement is truthful and not misleading. An advertisement is not truthful and is misleading if it includes any unsubstantiated claim with respect to the product.

10) Expressly provides that an advertisement is misleading unless it contains all of the following:

    a) A disclosure of the potential side effects, adverse reactions, contraindications, precautions, and warnings associated with active ingredients in the medication, including any noted from clinical trials, research, and other appropriate information sources.

    b) A summary of the specified risk information in the labeling of the FDA-approved drug, when a compounded drug contains an active ingredient that is named as an active ingredient in an FDA-approved drug.

    c) A clear, conspicuous statement that the product is a compounded medication, has not been approved by the FDA, and has not been evaluated by the FDA for safety or efficacy.

11) Authorizes the BOP to adopt necessary rules and regulations to implement the bill.

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:

> AB 1990 protects patients by ensuring compounded GLP-1 agonist and similar drugs for weight loss are safe, high quality, and honestly marketed. As these medications—such as semaglutide and tirzepatide—have grown in popularity for weight management, demand has surged across the country. During initial supply shortages, many patients turned to compounded versions of these medications when FDA-approved products were difficult to access. These products are not reviewed or approved by the FDA and are not subject to the same rigorous standards for safety, quality, and consistency as approved medications. In some cases, compounded GLP-1 products are produced from raw active pharmaceutical ingredients imported from Chinese manufacturers that are not FDA-inspected or monitored and distributed to patients. Patients seeking out GLP-1s from telehealth providers may erroneously believe they are purchasing an FDA-approved and regulated treatment. AB 1990 seeks to increase transparency and establish safeguards so patients are appropriately informed of the unapproved status of the drugs they are purchasing and make sure they understand the differences between unapproved, compounded drugs and FDA-approved therapies. This will further protect consumers from the potential dangers of unapproved drugs made with substandard, inauthentic, or illicit ingredients.

Background.

California State Board of Pharmacy. The BOP is the regulatory body within the Department of Consumer Affairs responsible for overseeing pharmacies and pharmacist practice in California. The BOP is currently estimated to regulate over 50,700 pharmacists, 1,300 advanced practice pharmacists, 4,400 intern pharmacists, and 65,700 pharmacy technicians across 32 licensing programs. In addition to regulating professionals, the BOP licenses and oversees pharmacies, clinics, wholesalers, third-party logistic providers, and automated drug delivery systems.

The BOP has its own enforcement staff, which includes field inspectors responsible for conducting investigations and inspections of pharmacies as well as sterile compounding and outsourcing facilities. The BOP's enforcement program is its largest budget expenditure, historically comprising about 64 percent of its total operating expenses. The BOP regularly engages in investigations that may result in disciplinary action. The BOP's Enforcement and Compounding Committee provides oversight of all drug distribution and dispensing activities, including drug compounding, and is responsible for ensuring compliance with state and federal pharmacy laws.

During the BOP's sunset review in 2020, the Committees considered whether the Pharmacy Law's requirements for the appointment of pharmacists representing specific practice settings were sufficient to provide the BOP with expert perspectives on matters relating to compounding. The sunset background paper recognized that the practice of compounding had recently drawn national attention for both its importance and complexity, and that the BOP had recently put forth a number of regulations regarding pharmacy compounding. At the time, there had not been a compounding pharmacist specifically represented on the BOP. In response, the BOP's sunset bill was amended in 2021 to include a member from a compounding pharmacy specializing in human drug preparations.

Requirements for Drug Compounding. According to the FDA, drug compounding is generally described as the process of combining, mixing, or altering ingredients to create a medication tailored to the needs of an individual patient. Combining two or more drugs is a form of compounding, as is the reconstitution of a drug into another ingestible form. Compounded drugs are not approved by the FDA for safety or effectiveness. Federal law establishes the authority for specified individuals to compound human drug products under provisions specified in section 503A of the federal Food, Drug, and Cosmetic Act. Drug products compounded under these provisions are exempt from some of the requirements for drug manufacturing and the drug approval process.

The USP is a combination of two compendia published by two longstanding nonprofits: the United States Pharmacopeia, published by the United States Pharmacopeial Convention; and the National Formulary, published by the American Pharmaceutical Association. As the FDA's officially designated compendium, the USP sets numerous standards for drug ingredients and manufacturing processes, including testing and quality assurance. Generally speaking, drug products and ingredients sold in the United States must conform to the USP to be considered unadulterated and of minimum quality.

Pharmacy professionals who engage in the practice of drug compounding in California are required to obtain a license from the BOP. However, prior to 2020, there were no state laws that outlined specific requirements for the compounding of prescription medication. Partially in response to a significant multistate outbreak of fungal meningitis for which the unsafe compounding of a preservative-free steroid injection resulted in numerous deaths, the BOP sponsored legislation in 2019 to require that compounding in California must be performed consistent with standards established in the pharmacy compounding chapters of the current version of the USP. The USP develops and publishes standards for drug substances, drug products, excipients, and dietary supplements. These standards are recognized in the federal Food, Drug, and Cosmetic Act.

The BOP recently completed rulemaking to clarify requirements for drug compounding by licensees in response to changes enacted to the USP. These efforts began when changes to the USP were initially proposed in 2019, at which time the BOP held a series of public meetings to discuss proposed language with stakeholders; however, these discussions were paused following delays in the USP's process. Following the finalization of the USP Chapters, the BOP resumed efforts to revise its compounding regulations and held another series of meetings to receive further comments from stakeholders. The changes proposed by the BOP included restructuring its regulations to align with the USP Chapters, eliminating and clarifying requirements, and adding new requirements.

The BOP approved proposed regulation text in April 2023 to amend the BOP's regulations regarding compounded drug preparations to implement, clarify, or make more specific requirements related to the USP-National Formulary for nonsterile compounding, sterile compounding, the handling of hazardous drugs, and the preparation, compounding, dispensing, and repackaging of radiopharmaceuticals. The new USP Chapters became effective on November 1, 2023; because the BOP's proposed regulations were not yet effective, the BOP released an updated Policy Statement in September 2023 providing stakeholders with additional guidance.

On April 19, 2024, the BOP formally distributed its proposed regulation text to interested parties for a 45-day comment period, which ended on June 3, 2024. An additional regulation hearing was held on June 18, 2024. Through this process and throughout these public meetings, stakeholders submitted numerous comments to the BOP expressing concerns about the proposed regulations. Representatives of compounding pharmacies specifically raised concern that the provisions relating to sterile compounding exceeded the requirements of the USP and national standards and would result in fewer pharmacies providing compounding services in California. Stakeholders further criticized the BOP for what was characterized as excessive enforcement activity against licensees for minor infractions.

In the months following the conclusion of the formal comment period, the BOP approved multiple sets of changes to its proposed text in response to the concerns it had received. During its November 2024 meeting, the BOP voted to approve a modified regulation text for a 30-day comment period, which ended on December 9, 2024. An additional 15-day comment period was then initiated following further modifications by the BOP during its January 2025 meeting, and yet another 15-day comment period was initiated following changes made during the BOP's February 2025 meeting. The BOP's final updated regulations governing nonsterile compounding, sterile compounding, hazardous drugs, and radiopharmaceuticals took effect on October 1, 2025.

Throughout the rulemaking process, organizations opposed to the BOP's proposed regulations organized a robust public campaign, specifically citing concerns that the regulations would limit patient access to compounded products such as glutathione, methylcobalamin, and NAD+ infusions. Representatives of the veterinary medical profession also raised additional issues specific to animal patients. In its sunset report to the Committees, the BOP argued that it had provided a fair and transparent rulemaking process, providing numerous opportunities for interested stakeholders to participate. The BOP believed there had been significant misinformation in the public domain misrepresenting the requirements of federal law.

Additional issues relating to compounding were raised during the BOP's sunset review in 2025. As reported by the BOP, in recent years, the FDA has released warnings about instances of drug products being compounded under insanitary conditions. Many of these warnings stem from compounding occurring in sites that are not regulated by the BOP or other regulatory agencies, including medical spas and IV hydration clinics. Following an incident in California where a patient was hospitalized and treated for suspected septic shock with multi-organ failure after receiving an IV vitamin infusion in her home, the FDA reported that it was aware of sterile compounding activities, such as adding vitamins to IV infusion bags, being performed by hydration clinics where it is unknown and undocumented if the drug products are prepared, packed, or held under insanitary conditions. Additionally, it is unknown whether a licensed practitioner is on-site to evaluate patients and write prescriptions for the drug products being administered.

In light of the patient safety concerns associated with compounding taking place in unregulated clinics, the BOP submitted a proposal to require hydration clinics to obtain a license from the BOP prior to compounding or administering sterile injectable products, subject to inspection by the Board. Clinics would also be required to designate a licensed prescriber as the professional director responsible for the safe, orderly, and lawful provisions of compounding and administration of the sterile injectable products. Ultimately, however, this proposal was not included in the BOP's sunset bill.

GLP-1 Medications. GLP-1 medications are a class of prescription drugs originally developed to treat type-2 diabetes and are now widely used for chronic weight management. These medications mimic the action of a naturally occurring gut hormone, GLP-1, which helps regulate blood sugar, appetite, and digestion. GLP-1 drugs work by stimulating insulin release in response to food, suppressing glucagon (a hormone that raises blood sugar), slowing gastric emptying to prolong fullness, and acting on brain appetite centers to reduce hunger and food cravings. Well-known examples include semaglutide (marketed as Ozempic or Wegovy) and liraglutide (Saxenda), while related or newer agents such as tirzepatide (Zepbound) act on similar incretin pathways and are often grouped with GLP-1–based therapies. These drugs are part of a broader class of "incretin mimetics," and ongoing research has produced additional variants that expand on the same biological mechanisms. Most FDA-approved GLP-1 medications are delivered via injection pens or, more recently, oral tablets.[1]

Section 503A of the federal Food, Drug, and Cosmetic Act allows for GLP-1 medication to be compounded under specific, limited circumstances. Compounding pharmacies operating under sections 503A (traditional pharmacies) and 503B (outsourcing facilities) are allowed to prepare customized versions of drugs only when there is a legitimate medical need that cannot be met by an FDA-approved product. For example, if a patient requires a different dosage form, strength, or ingredient due to an allergy, a patient-specific version of the medication may be compounded. Additionally, an FDA-approved drug may be compounded when the FDA has officially declared a shortage of that drug. GLP-1 medications, such as semaglutide, were previously included on the FDA drug shortage list due to high demand following an increase in public awareness of the potential to use the drug for weight loss; however, as of February 2025, they are no longer on the official shortage list, and cannot be compounded under that exception.

In December 2025, the Federal Trade Commission (FTC) approved a final order against NextMed, a telehealth company, for deceptive advertising of weight-loss programs and deceptive and unfair billing and cancellation practices related to GLP-1 weight-loss programs. The FTC alleged that NextMed took advantage of the explosion in demand for GLP-1 medications by selling weight-loss programs with undisclosed costs and unsubstantiated claims about the weight loss achieved by their clients. The FTC ordered NextMed to cease its misconduct and pay $150,000, which is expected to be used to provide refunds to consumers.[2]

In March 2026, the FDA sent 30 warning letters to telehealth companies for making false or misleading claims regarding compounded GLP-1 products offered on their websites. In a press release announcing the issuance of the letters, FDA Commissioner Marty Makary stated: "We are paying close attention to misleading claims being made by telehealth and pharma companies across all media platforms—and taking swift action. Compounded drugs can be important for overcoming shortages or meeting unique patient needs—but compounders should not try to compound drugs in a way that circumvents FDA's approval process."[3] The warning letters included specific alleged violations, including unlawful claims to consumers that compounded drugs are the same as FDA-approved products.

---

[1] Drucker, Daniel J. "Mechanisms of Action and Therapeutic Application of Glucagon-like Peptide-1." *Cell Metabolism*, vol. 27, no. 4, 2018.
[2] "FTC Approves Final Order against Telehealth Provider NextMed over Charges It Used Deceptive Advertising Claims to Sell GLP-1 Weight-Loss Programs." *Federal Trade Commission*, December 2025.
[3] U.S. Food and Drug Administration. "*FDA Warns 30 Telehealth Companies Against Illegal Marketing of Compounded GLP-1s*." *FDA*, March 2026.

Efforts to Regulate Compounded GLP-1 Medications. In 2025, H.R. 6509, the SAFE Drugs Act of 2025, was introduced in the United States House of Representatives to increase oversight and regulation of compounding pharmacies and outsourcing facilities that compound what that bill would define as "essentially a copy" of an FDA-approved product. The legislation proposes to cap the number of drug copies that can be made each month without patient-specific justification, require reporting when pharmacists or facilities compound and ship high volumes of drugs across state lines, mandate more frequent inspections of large outsourcing facilities, and allow the federal government to adjust user fees to support enhanced oversight. A companion bill was introduced in the United States Senate in 2026, but to date, no significant federal legislation has been signed.

Legislation has been proposed in several states to crack down on the compounding of alleged "copycat" GLP-1 medications. For example, HB 2613 was introduced in the State of Washington to prohibit entities from selling, transferring, or distributing compounded drugs that use bulk drug substances unless the compounder complies with certain quality assurance requirements. Similar legislation has been introduced in Arizona, Colorado, Florida, Kentucky, Mississippi, and Virginia. The Indiana General Assembly enacted SB 282 in 2026, which both restricted the compounding of GLP-1 medications and increased state oversight of medical spas.

This bill would similarly establish additional requirements and restrictions on compounding pharmacies that produce GLP-1 medications. The bill would require all bulk substances used in compounded drugs containing GLP-1 drug substances to be pharmaceutical-grade, comply with USP and FDA standards and requirements, undergo quality control testing, be accompanied by a valid certificate of analysis, and sourced from FDA-registered and recently inspected facilities. The bill would require records of those bulk drug substances to be maintained and made available for inspection by the BOP.

Additionally, this bill specifically makes it unlawful for any person to advertise or otherwise promote compounded medications unless the advertisement is truthful and not misleading. The bill provides that an advertisement is not truthful and is misleading if it includes any unsubstantiated claim with respect to the product, or if it fails to include specified disclosures. These provisions are within the jurisdiction of the Assembly Committee on Privacy and Consumer Protection, which has also been referred this bill.

Current Related Legislation. AB 2141 (Patterson) would authorize the BOP to resolve a potential cause for discipline by a licensee through a stipulated settlement agreement prior to the filing of a formal accusation. *This bill is pending in the Assembly Committee on Judiciary.*

Prior Related Legislation. AB 1503 (Berman), Chapter 196, Statutes of 2025 extended the sunset date for the BOP and made additional changes to the Pharmacy Law.

AB 3063 (McKinnor) of 2024 would have exempted the addition of flavoring agents to a drug from the state's requirement that such actions comply with pharmacy compounding standards set under the USP. *This bill was vetoed by the Governor.*

AB 782 (McKinnor) of 2023 was substantially similar to AB 3063. *This bill was vetoed by the Governor.*

AB 973 (Irwin), Chapter 184, Statutes of 2020, requires compounding to comply with the USP.

ARGUMENTS IN SUPPORT:

The *California Life Sciences Association* supports this bill, writing:

> Over the past several years, the market for compounded weight loss medications has grown at an unprecedented pace. Unlike FDA-approved drugs, which undergo years of rigorous research, clinical trials, and ongoing safety monitoring, compounded drugs are not subject to FDA premarket review for safety, quality, or efficacy. This regulatory gap has created an opening for bad actors to introduce illicit, inauthentic, or substandard materials into the supply chain – many sourced from facilities in China that have never been inspected by the FDA. The consequences for patients are serious, impurities, contaminants, and inconsistent dosages have led to measurable patient harm, and widespread deceptive advertising has left consumers misinformed about the products they are using.
>
> AB 1990 addresses these risks directly by mandating that compounders verify all bulk drug substances originate from FDA-registered and FDA-inspected facilities. By requiring documented proof of sourcing and compliance with federal manufacturing standards, the bill prevents substandard or contaminated materials from reaching California patients. The legislation also empowers the California State Board of Pharmacy to inspect compounders and their ingredient suppliers and to obtain records providing regulators with the tools they need to identify and act against bad actors before patient harm occurs.

ARGUMENTS IN OPPOSITION:

The *Alliance for Pharmacy Compounding* (APC) opposes this bill, writing:

> Compounding plays a critical role not only when commercially available products are not clinically appropriate, but also during FDA-recognized drug shortages, when patients may have no access to the FDA-approved drug at all. GLP-1s have experienced ongoing supply challenges and are often needed in customized dosages or formulations for patients with obesity or diabetes. This bill would apply even in shortage scenarios, potentially cutting off access at the very moment patients need alternatives most.

APC further argues that the bill would impose overly restrictive API sourcing requirements; duplicative testing, documentation, and verification mandates; excessive penalties and enforcement provisions; and advertising and labeling requirements that are not aligned with compounding practice.

POLICY ISSUE(S) FOR CONSIDERATION:

Potentially Overbroad Application. This bill's requirements would apply to compounded medicines containing drug substances that are glucose-dependent insulinotropic polypeptide receptor or GLP-1 receptor agonists used for obesity or weight management, or a drug substance that is a component of a similar drug approved by the FDA for obesity or weight management. The term "similar drug" may inadvertently capture more medications than intended by the bill. Additionally, language in the bill placing new requirements on bulk drug substances used in compounding and prohibiting certain advertisements do not specifically refer back to GLP-1 drug substances, implying broader applicability. The author may wish to substitute the term "generic equivalent" for "similar drug" and insert additional clarifying language regarding the scope of this bill.

Unclear Enforcement Jurisdiction. This bill would establish specific enforcement mechanisms for violations of its requirements and prohibitions. The BOP would be authorized to engage in inspections to confirm compliance and to adopt regulations to implement the bill. However, not all licensed professionals who would potentially be covered by the bill are within the BOP's jurisdiction. For example, concerns have been raised that physicians and surgeons, who are licensed and overseen by either the Medical Board of California or the Osteopathic Medical Board of California, could be inadvertently subject to enforcement by the BOP under this bill, despite not being the intended target of the legislation. The author may wish to add language exempting physicians and surgeons from the bill, while ensuring that existing requirements for those licensees remain in place.

AMENDMENTS:

1) To confirm that the scope of the bill applies only to GLP-1 medications or other drugs intended to be captured:

   - Add the following subdivision to the proposed Section 4157:

     This article applies solely to compounded drugs that are glucose-dependent insulinotropic polypeptide receptor or glucagon-like peptide-1 receptor agonists or other amino acid polymers intended to be used by humans for obesity or weight management. This article does not relieve, exempt, or otherwise limit the applicability of any state or federal law to compounded drugs that do not fall within the scope of this article.

   - Amend subdivision (a) of the proposed Section 4157.1 to replace the term "similar drug" with "generic equivalent."

   - Insert additional cross-references to subdivision (a) of the proposed Section 4157.1 to confirm what types of compounded medications are subject to requirements and prohibitions in the bill.

2) To clarify that the bill's requirements and prohibitions do not apply to licensed physicians and surgeons or subject those licensees to enforcement by the BOP, add the following subdivision to the proposed Section 4157.5:

   This article does not apply to physicians and surgeons licensed pursuant to Chapter 5 (commencing with Section 2000). This subdivision does not alter the obligation of a physician and surgeon to comply with any other applicable law.

REGISTERED SUPPORT:

American Diabetes Association
Biocom California
California Life Sciences Association
National Consumers League
National Hispanic Health Foundation
Partnership for Safe Medicines

REGISTERED OPPOSITION:

Alliance for Pharmacy Compounding
California Pharmacists Association
Chamber of Progress

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1999 (Kalra) – As Amended March 19, 2026

SUBJECT: Veterinary medicine.

SUMMARY: Amends the "owner exemption" in the California Veterinary Medicine Practice Act (Practice Act); establishes "shelter veterinarian", "retired veterinarian" and "retired volunteer veterinarian" license categories and associated fees; clarifies terminology related to the practice of veterinary medicine via telemedicine; clarifies that the veterinary-client-patient relationship (VCPR) can be established on an annual basis; and requires specified information related to corporate ownership disclosures when renewing a veterinary premises registration.

EXISTING LAW:

1) Provides for the regulation of veterinary medicine under the Veterinary Medicine Practice Act (Act), which outlines the licensure requirements, scope of practice, and responsibilities of individuals practicing animal health care tasks in the state. (Business and Professions Code (BPC) § 4800 *et seq.*)

2) Establishes the CVMB under the jurisdiction of the Department of Consumer Affairs (DCA), responsible for enforcing the Act, and regulating veterinarians, registered veterinary technicians (RVTs), Veterinary Assistant Controlled Substance Permit (VACSP) holders, and veterinary premises until January 1, 2026. (BPC §§ 4800-4811)

3) Defines "animal" for purposes of the act as "any member of the animal kingdom other than humans, and includes fowl, fish, and reptiles, wild or domestic, whether living or dead". (BPC § 4825.1(c))

4) Defines "synchronous" for purposes of the act as "a real-time interaction between a client and animal patient with a veterinarian who is licensed in this state and located at a distant site". (BPC § 4825.1(f))

5) Defines "telehealth" as "the mode of delivering veterinary medicine via electronic communication technologies to facilitate the diagnosis, consultation, care management, or treatment of an animal patient, and includes, but is not limited to, synchronous video and audio communication; synchronous, two-way audio communication; and electronic transmission of images, diagnostics, data, and medical information." (BPC § 4825.1(g))

6) Prohibits a veterinarian, unless otherwise specified in law, from performing veterinary medicine on an animal unless a veterinarian-client-patient relationship (VCPR) exists, except when the animal patient is a wild animal or the owner of the animal patient is unknown. (BPC § 4826.6(a))

7) Establishes that a VCPR exists if all of the following conditions are met:

    a) The client has authorized the veterinarian to assume responsibility for medical judgments regarding the health of the animal patient;

b) The veterinarian possesses sufficient knowledge of the animal patient to initiate at least a general or preliminary diagnosis of the animal patient's medical condition; and

c) The veterinarian has assumed responsibility for making medical judgments regarding the health of the animal patient and has communicated with the client a medical, treatment, diagnostic, or therapeutic plan appropriate to the circumstances.

(BPC § 4826.6(a))

8) Establishes that a veterinarian possesses "sufficient knowledge" of the animal patient if the veterinarian has recently seen, or is personally acquainted with, the care of the animal patient by doing any of the following:

a) Examining the animal patient in person;

b) Examining the animal patient by use of synchronous audio-video communication; or

c) Making medically appro1priate and timely visits to the premises on which the animal patient is kept.

(BPC § 4826.6(b))

9) Clarifies that synchronous audio-video communication is not required for the delivery of veterinary medicine via telehealth after a VCPR has been established unless the veterinarian determines that it is necessary in order to provide care consistent with prevailing veterinary medical practice. (BPC § 4826.6(d))

10) Establishes that only a veterinarian who is currently licensed in California is authorized to practice veterinary medicine via telehealth to an animal patient in the state. (BPC § 4826.6(f))

11) Requires that, before delivering care via telehealth, a veterinarian shall inform the client about the use and potential limitations of telehealth and obtain consent from the client that expressly acknowledges specified information. (BPC § 4826.6.(g))

12) Authorizes a veterinarian to use telehealth without establishing a VCPR in order to provide advice in an emergency, as specified. (BPC § 4826.6(j))

13) Exempts from the Practice Act any person who practices veterinary medicine as a bona fide owner of one's own animals, except for cat declawing procedures, including the owner's bona fide employees and any person assisting the owner, provided the practice is performed gratuitously. (BPC § 4827(a)(1))

14) Establishes the various requirements to obtain a veterinary license, including:

a) Graduation from a veterinary college recognized by the board, or receive a certificate from the Educational Commission for Foreign Veterinary Graduates (ECFVG) or the Program for the Assessment of Veterinary Education Equivalence (PAVE),

b) Complete a board-approved application and pay applicable fees,

c) Submit a full set of fingerprints for purposes of a criminal history check,

d) Pass both a national licensing examination, and an exam on California-specific laws and regulations, and

e) Disclose each state, U.S. territory, or Canadian province where they hold or have currently held a license.

(BPC § 4846)

15) Establishes that all veterinary premises registrations shall expire annually at 12 midnight of the last day of the month in which the license premises registration was issued, unless renewed. (BPC § 4900(b))

THIS BILL:

1) Narrows the "owner exemption" to specify that owners cannot perform any surgical or dental operation upon their animal.

2) Defines "operation" as "any procedure performed on an animal in which the skin or tissue of the animal is penetrated or severed", and excludes the following actions:

a) Administering injectable drugs,

b) Artificial insemination,

c) Castrating male livestock or dehorning or branding animals,

d) Inserting a microchip for identifying an animal,

e) Placing an ear tag or tattoo for identifying an animal, and

f) Venipuncture for diagnostic purposes.

3) Establishes a "shelter veterinarian" license category that is subject to substantially similar application requirements as a standard veterinarian license, except for:

a) No requirement to submit to the CVMB of proof of graduation from a veterinary college and proof of examination or clinical hour requirements,

b) A requirement that an applicant for a shelter veterinarian license currently hold a valid veterinarian license in any other state, U.S. territory, or Canadian province,

c) A requirement that the applicant be employed or contracted with an animal shelter to provide veterinary medical services, and

d) A requirement to certify that the sole purpose of the shelter veterinarian license is to practice veterinary medicine for an animal shelter.

4) Authorizes the CVMB to charge the following fees related to shelter veterinarian licenses:

a) An application fee of no less than $350 but no more than $540,

b) An initial license fee of no less than $500 but no more than $800, and

c) A biennial renewal fee of no less than $500 but no more than $800.

5) Establishes a "retired status" for veterinarians and registered veterinary technicians (RVTs) and authorizes the CVMB to charge an associated fee that shall be no less than $25 but no more than $50.

6) Authorizes the CVMB to charge a fee for restoring a license or registration from retired status to active status of no less than $50 but no more than $100.

7) Establishes a "retired volunteer status" for veterinarians and registered veterinary technicians (RVTs) to volunteer services at animal shelters, subject to certain continuing education requirements, and authorizes the CVMB to charge the following associated fees:

a) An application fee of no less than $50 but no more than $100, and

b) A biennial renewal fee of no less than $50 but no more than $100.

8) Defines an "animal shelter", for purposes of shelter veterinarian and retired volunteer licensees, as "a public animal control agency or shelter, Society for the Prevention of Cruelty to Animals shelter, humane society shelter, or rescue group."

9) Defines "rescue group", for purposes of shelter veterinarian and retired volunteer licensees, as "a nonprofit entity that removes animals from a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, or humane shelter, or rehomes an animal that has been previously owned by any person other than the original breeder of that animal."

10) Revises requirements related to the establishment and maintenance of a VCPR to clarify that a VCPR established via in-person examination is valid for 12 months, and a VCPR established via "telehealth" methodologies is valid for 6 months, subject to certain specifications.

11) Removes a requirement that VCPR be established on a condition-specific basis.

12) Removes references to "telehealth" in the Act and instead replaces such references with the terms "telemedicine", "teleconsultation", and "teletriage" where appropriate.

13) Requires that premises registration holders provide and/or confirm specified information upon renewal of their registration.

14) Makes conforming, technical changes throughout.

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

COMMENTS:

Purpose. This bill is co-sponsored by the *California Veterinary Medical Board,* the *California Veterinary Medical Association*, the *San Diego Humane Society*, and *Social Compassion in Legislation.* According to the author:

> Despite caring deeply for their animal companions, many Californians struggle to procure the veterinary services they require. Often, this hardship is a consequence of cumbersome statute and the state's ongoing veterinary staffing shortage, which leave many communities without accessible care options. AB 1999 addresses these issues by allowing retired veterinary professionals to volunteer their skills at shelters, streamlining licensure for out-of-state veterinarians who wish to work in shelters, and updating Veterinarian-Client-Patient-Relationship (VCPR) statute to allow veterinarians to provide care without re-establishing an existing VCPR. Together, these provisions will remove many of the barriers that currently prevent countless companion animals from receiving the veterinary care they need and deserve.

Background.

Regulation of Veterinary Medicine in California. The California Veterinary Medical Board (CVMB, or Board) traces its origins back to 1893, originally established as the State Board of Veterinary Examiners. Since then, the Board has regulated the veterinary medical profession through its many iterations: from opening the first California veterinary college in 1894, to helping eradicate the Hog cholera in 1972, to the creation of the animal health technician profession (now titled registered veterinary technician) in 1975.

Today, the Board licenses and regulates veterinarians, RVT, Veterinary Assistant Controlled Substances Permit (VACSP) holders, veterinary schools, and veterinary premises. The Board derives its authority through the Practice Act.

The veterinary profession provides health care for many different types of animals, from pets such as dogs, cats, rabbits, birds, hamsters, snakes, and lizards to agricultural livestock such as cattle, poultry, fish, goats, pigs, and horses. Similarly to human medicine, there are recognized specialties within the veterinary profession: surgery, internal medicine, microbiology, pathology, and more. Additionally, many veterinarians specialize in care of a specific subset of animal species or populations, such as snakes and reptiles, small mammals, equine care, exotic animals, and shelter medicine. With such diversified training available, licensed practitioners of veterinary medicine can operate in a range of environments. They can work in private clinical practice, or engage in public service as wildlife health specialists, agricultural inspectors, disease control workers, or working directly for a public animal control agency or animal shelter.

Pet ownership has continued to grow in recent years, particularly in light of the COVID-19 pandemic, when many Americans sheltering at home welcomed a pet to their household. According to 2024 pet ownership statistics provided from the American Veterinary Medical Association's (AVMA) annual survey, over 45% of U.S. households own a dog, while over 32% own a cat—the highest respective ownership rates since the survey began in 1991. Additionally, the overall U.S. dog population in 2024 has reached a new peak of 89.7 million pets, while there are 73.8 million pet cats. While growing in number, pet ownership has also demonstrably grown in cultural significance. The AVMA reports that an overwhelming majority of dog and cat

owners, 88.8% and 84.7%, respectively—view their pets as members of the family. Therefore, the demand for qualified, competent, and trained veterinary care from the public has also never been higher.

Additionally, the veterinary profession plays a key role in achieving California's overall goals regarding animal overpopulation and humane outcomes for dogs, cats, and other animals across the state. In 1998, the Legislature established that the State of California's policy is "that no adoptable animal should be euthanized if it can be adopted into a suitable home" and "that no treatable animal should be euthanized." A major factor in meeting this policy is ensuring the public has access to low-cost, high-quality spay and neuter services, a procedure which can only be performed by licensed veterinarians. As such, the condition and quality of veterinary care in California, and promoting an educated, skilled, and diverse workforce in the veterinary profession, are crucial for the state's animal welfare goals.

Each year, the Assembly Committee on Business and Professions and the Senate Committee on Business, Professions and Economic Development hold joint sunset review oversight hearings to review the licensing boards under the (DCA. This process provides an opportunity for the Legislature, DCA, boards, and stakeholders to discuss the performance of the boards and make recommendations for improvements. The CVMB was subject to sunset review last year, and as part of that process, a number of issues and priorities were raised by the board's staff, stakeholders, and legislative committees, many of which were addressed in the subsequent "sunset bill", AB 1502 (Berman), Chapter 195, Statutes of 2025. However, some outstanding issues remained unaddressed in the CVMB's sunset bill, requiring further discussion by the Board and affected stakeholders. This bill addresses many of these key issues, and additional issues not raised in the CVMB's 2025 sunset but nonetheless impactful to the profession.

Owner Exemption. Current law (BPC § 4827(a)(1)) exempts from the Practice Act bona fide animal owners, the owner's bona fide employees, and any person assisting the owner gratuitously. In other words, the bona fide owner of an animal can perform any act encompassed under veterinary medicine, or authorize their employees or any other person to do so, so long as the other person does not charge the owner for said services. According to the sponsors, this "owner exemption" was originally intended to allow ranchers and their employees to treat routine livestock issues, such as administration of medications, castrations and dehorning, or minor wound care. They contend, however, that the broad verbiage of this exemption has created unintended consequences and has led to significant patient harm and death.

The CVMB reports multiple cases in which a veterinarian accused of causing patient harm or death has used the owner exemption as a defense against complaints of unprofessional conduct. In those cases, licensed veterinarians claim the CVMB has no jurisdiction, since they were assisting the owner and performed services gratuitously—either by never charging for the specific task, or by providing a refund after the fact. The owner exemption creates similar issues in cases where someone other than the owner, often a whistle-blower, reports unlicensed conduct. In these cases, the CVMB has claimed (through discussions in previous Unlicensed Practice Subcommittee meetings) that animal owners are often uncooperative because they have long-standing relationships with these unlicensed practitioners and appreciate the cheaper services. As such, the CVMB is unable to prove that the unlicensed individuals performed the services for a fee. Absent this proof, the unlicensed practitioner remains within the owner exemption.

The CVMB also frequently receives complaints from consumers and the wider veterinary industry that unlicensed individuals are hired by operations that, legally speaking, are considered the bona fide "owner" of the animal, such as animal rescues, trade shows, polo events, and unsanctioned rodeos. Some unlicensed individuals in these settings claim to be licensed in other countries or claim to have adequate education, training, and experience to perform the veterinary services. The CVMB received many reports of significant animal patient harm or death in which accused individuals claim to be the owner (in the case of animal rescues), that they are employed by the owner (in the case of polo events, unsanctioned rodeos, and other animal sport settings), or that they assisted the owner and did not charge for the specific service that was deemed negligent. Pursuant to the owner exemption, the CVMB was forced to close such cases for lack of jurisdiction.

While many of these complaints are forwarded to District Attorney offices for consideration of animal cruelty charges, the CVMB notes that most cases do not result in criminal charges being filed. They contend that current practices pursuant to the owner exemption are far beyond the initial intent of the Legislature. As a result, and in light of continual complaints pursuant to issues arising from the "owner exemption", the Board requested to work with the Legislature to refine and narrow language in BPC § 4827 to address unlicensed veterinary practice as part of their 2025 sunset review.

However, numerous stakeholders across the animal welfare community—municipal shelters, kennel clubs, nonprofit rescues, and more— expressed significant concern to the Committees regarding the proposed narrowing of the owner exemption. According to advocates, particularly those representing private and public animal shelters and nonprofit rescues, the ownership exemption is critical to ensuring timely and affordable care in settings where licensed veterinary services are otherwise unavailable. Furthermore, the animal welfare community feared sudden changes to the owner exemption, considering the broad and varied nature of the practices encompassed under the Practice Act. For example, while serious procedures such as surgery, sterilization, and diagnosis of disease are considered "the practice of veterinary medicine", so too are suturing a wound, administering medicine, or applying a preventative ointment (BPC § 4826). Animal advocates argued that, if not correctly tailored, changes to the owner exemption would lead individual owners to be reluctant to perform preventative or life-saving actions on their pets for fear of criminalization under the Practice Act. As such, the Committees left the issue of the owner exemption unaddressed in AB 1502, and instead urged the CVMB to work with affected stakeholders to craft legislation that would strike a balance between protecting consumers and animals, while preserving critical and necessary access to care.

As a result, the CVMB—alongside a coalition of veterinary professionals, animal welfare advocates, and municipal shelters—are cosponsoring this legislation that seeks to, among other things, tailor the owner exemption language to address concerns raised in last year's sunset review. Specifically, this bill would clarify that the exemption does not apply to a surgical or dental operation on an animal. The bill specifies that an "operation" does not include (1) administering injectable drugs, (2) artificial insemination, (3) castrating male livestock, or dehorning or branding animals, (4) inserting an ID microchip, (5) placing an ID ear tag or tattoo and (6) venipuncture for diagnostic purposes. In other words, the bill preserves the original intent of the owner exemption by making necessary exceptions for the procedures routinely performed in animal shelters and agricultural settings. Finally, this bill defines a "animals" for purposes of the Practice Act as "any member of the animal kingdom other than humans and includes fowl, fish, and reptiles, wild or domestic, whether living or dead".

New License Categories. In 2023, the Assembly and Senate passed ACR 86 put forward by the same author of this bill. This resolution puts a spotlight on the national and statewide pet overpopulation crisis, noting the increase in pet adoptions and purchases throughout the COVID-19 pandemic which exacerbated these issues. The resolution also notes the lack of low-cost and free spay and neuter options, as well as disparities in access to veterinary care. Notably, the resolution made a commitment to pursue policies that increase the availability of low-cost, high volume spay and neuter, specifically calling on more out-of-state veterinarians and RVTs to perform and assist with sterilization.

Currently, if a veterinarian from out-of-state wants to become licensed in California, they must submit certified transcripts from their veterinary college, submit a license application and associated fee, submit a live scan, disclose every state, U.S. territory, or Canadian province where they have been licensed, pass an examination concerning California veterinary laws, and most notably, satisfy professional examination requirements by: (1) submitting proof of having taken the North American Veterinary Licensing Examination (NAVLE) within the preceding five years, (2) retake the NAVLE, or (3) submit proof of having practiced veterinary medicine for a minimum of two years and 2,500 hours of clinical practice. Many out-of-state veterinarians seeking licensure in California contend that, specifically, the requirement to submit certified transcripts from their veterinary college, and the requirement to either submit proof of their NAVLE or proof of clinical hours, is overly burdensome and unnecessarily costly. Furthermore, shelters and rescues seeking to work with nonprofits such an Animal Balance—an organization that utilizes vets from around the country to provide spay and neuter services in underserved communities—argue that these requirements make it less lucrative for such organizations to service areas in California.

Therefore, this bill establishes a separate license category, and an associated license fee, for "shelter veterinarians" to specifically assist out-of-state veterinarians who intend to work with shelters and rescues with obtaining California licensure. To qualify for licensure as a shelter veterinarian, an individual must be employed or contracted with an animal shelter and meet all of the same requirements as current law, except for the requirement to submit proof of their NAVLE or clinical hours, and the requirement to submit certified transcripts from their college. To ensure that they are still qualified according to professional standards, a shelter veterinarian applicant must instead hold a current, valid veterinary license in another state, U.S. territory, or Canadian province. Finally, to prevent this new category from being used as a loophole to circumvent standard licensure, the bill requires prospective shelter veterinarians to certify that the sole purpose of their license is to practice veterinary medicine for an animal shelter and explicitly prohibits a shelter veterinarian licensee from practicing veterinary medicine in any circumstance other than for an animal shelter.

Additionally, this bill establishes recognized license categories, and respective fees, for retired veterinarians and RVTs, as well as those retired professionals who seek to volunteer at animal shelters. Specifically, the bill establishes that to obtain retired status, a veterinarian or RVT must apply to the CVMB and pay a minor fee, and may only use their professional title if the title "retired" directly precedes or follows it. Further, the bill allows retired veterinary professionals to volunteer at animal shelters by applying for "retired volunteer" status. In order to qualify for retired volunteer status, a person must either have an active license or registration, or have placed their license in retired status within the preceding five years. If they have been retired for more than five years, they must also certify completion of continuing education, and pass the law

examination. Finally, similar to shelter veterinarians, those applying for retired volunteer status must certify that they intend that the sole purpose is to provide volunteer services to animal shelters.

Notably, for purposes of both shelter veterinarians and volunteer retired licensees, the bill defines "animal shelter" as a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, humane society shelter, or rescue group. The bill further defines "rescue group" as a nonprofit entity that removes animals from a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, or humane shelter, or rehomes an animal that has been previously owned by any person other than the original breeder of that animal.

Telemedicine. Like many other professions in the healing arts, veterinarians saw an increased demand for telehealth options in light of the COVID-19 pandemic's inhibition of in-person care. In the Revised 2021 VMB Sunset Background Paper, the Committees described the cumbersome nature of existing regulations governing veterinary telehealth, and encouraged the Board to continue discussions and recommend any potential statutory changes to the Legislature that could facilitate increased access while maintaining high standards of care.

The Board reports that, in 2021, it approved a legislative proposal to help clarify how veterinarians can use telemedicine. After multiple stakeholder meetings, it became apparent to the Board that veterinarians did not take advantage of existing telemedicine methods because it was unclear how it could be utilized. The Board's proposal would have defined "teleconsultation," "telehealth," "telemedicine," and "teletriage" and explained when each method could be used. However, the Board was unable to find an author for the bill.

In 2023, the Legislature passed AB 1399 (Friedman, Chapter 475, Statutes of 2023), which established statutory requirements to practice veterinary medicine via telehealth. Since then, both the CVMB and the California Veterinary Medical Association (CVMA) have noted inconsistencies since the implementation of AB 1399. Specifically, veterinarians report that language in the bill put California out of alignment with national standards and definitions generally governing synchronous audio-video veterinary care. In the veterinary profession, the terms "telemedicine," "teletriage," and "teleconsultation" are all unique, and pertain to specific actions which sponsors argue is not adequately captured under the umbrella term "telehealth" that is used in AB 1399 statute. For example, BPC § 4826.6(k) permits a veterinarian to use telehealth to "give advice in an emergency", which the veterinary community contends is not as descriptive as "teletriage", which would explicitly permit a veterinarian to diagnose and treat a patient via electronic technology in an emergency.

As a result of this confusion in terminology, sponsors report that telehealth options have not been as widely adopted amongst the veterinary community as initially predicted. While this issue was raised in the CVMB's sunset review last year, and the Board initially signaled intent to provide language revising telehealth statute as part of AB 1502, discussions needed to ensure specific language did not disrupt the current delivery of telemedicine warranted more time. Therefore, this bill incorporates those specific definitions for "electronic communication technology", "telemedicine", "teletriage", and "teleconsultation" that the CVMB and co-sponsors contend establish more clarity and flexibility around how veterinarians can deliver services via electronic communication, and makes revisions throughout the Practice Act to conform to these new, more specific definitions.

Veterinary-Client-Patient Relationship. The Veterinary Medicine Practice Act requires a veterinarian to establish and maintain a veterinarian-client-patient-relationship (VCPR) before providing care to an animal patient. Among other requirements, this relationship is established when the client has authorized the veterinarian to make medical judgments, and when the veterinarian has gained sufficient knowledge of the animal to make a diagnosis, generally through an in-person examination. According to the VMB's regulations relating to establishing a VCPR, it is unprofessional conduct for a veterinarian to administer, prescribe, dispense or furnish a drug, medicine, appliance, or treatment of whatever nature for the prevention, cure, or relief of a wound, fracture or bodily injury or disease of an animal without having first established a VCPR with the animal patient or patients and the client, with an exception if the patient is a wild animal or the animal's owner is unknown.

Notably, California is only one of two states in the nation that requires VCPRs are established on a condition-specific, rather than annual, basis. Specifically, in order establish a VCPR current law requires that a veterinarian possess sufficient knowledge of the animal patient "to initiate at least a general or preliminary diagnosis of the animal patient's medical condition", and further that the veterinarian has assumed responsibility for making medical judgements regarding the patient and has "communicated with the client a medical, treatment, diagnostic, or therapeutic plan appropriate to the circumstances". Resulting from statutory revisions included in AB 1399, the original intent of this condition-based specificity was to ensure VCPRs established by "telehealth" were not overly-broad. Unfortunately, this condition-specific requirement has led to more difficulty and confusion in the timely delivery of veterinary care.

In practice, this "condition-specific" VCPR requires that veterinarians must examine an animal patient for any new condition, even if they routinely care for the animal patient for an existing condition. For example, a person who maintains a VCPR with a veterinarian for their dog with a terminal disease finds that their dog has a minor skin irritation; under current law, this person must still bring their dog in to be examined by the same veterinarian before the veterinarian can even discuss potential treatment with the routine client. In a letter addressed to the Committee, one of the co-sponsors of this bill, the CVMA, argues that current law "creates a significant access to veterinary care barrier because it requires the veterinarian to examine patients for every specific condition that they treat, rather than allowing them to use their professional discretion to decide whether they need to examine the patient in-person or not."

As such, this bill revises the statute related to VCPRs to clarify that a VCPR is valid according to a set duration of time, rather than according to a particular condition. Specifically, this bill would clarify that a VCPR exists so long as the veterinarian possesses sufficient knowledge of the animal patient, and has assumed responsibility for making medical judgments related to the patient. Further, the bill establishes that a VCPR is valid for one year upon the in-person examination of an animal patient, and for six months if established via telemedicine. Moreover, the bill clarifies that a VCPR may continue to exist in absence of the establishing veterinarian so long as the originating veterinarian has properly communicated with the subsequent veterinarian, or if the subsequent veterinarian has also examined the animal patient. Finally, the bill makes conforming changes to ensure continuity of care in cases of emergency, or if an animal patient is traveling and needs essential medicine prescribed.

Premises Ownership Disclosures. Notwithstanding rare circumstances, all veterinary medicine in California must be rendered at a registered veterinary premises. Premises can include a building,

kennel, mobile unit, or vehicle. In order to obtain a veterinary premises registration, the owner must submit an application that includes the name of each owner or operator of the premises, including the type of corporate entity, if applicable, the name of the premises, and the name of the responsible licensee manager who is to act for and on behalf of the registered premises. Furthermore, if the owner or operator of premises is a corporation, they must disclose the names and titles of all owners, officers, any general partners, and the agent for service of process, and any changes regarding this information must be reported within 30 days.

Premises registrations are issued on an annual basis and must be renewed. However, current law does not require that any specific information be disclosed or certified as part of this renewal. As such, this bill requires that a premises registration holder must satisfy the same requirements as their initial application as it relates to ownership disclosures, and confirm that the information is current and valid.

Current Related Legislation. AB 1733 (Lee) would specify that both six hours of self-study and four hours of pro bono spay or neuter services may be credited toward the required 36 hours of continuing education for veterinarians seeking license renewal. *This bill is currently pending in this committee.*

AB 2010 (Soria) would specify that "high-quality, high-volume spay or neuter services", as defined, that are performed in a registered veterinary premises are not required to comply with specified standards, including a requirement for equipment for viewing radiographs. *This bill is currently pending in this committee.*

Prior Related Legislation. AB 1502 (Berman), Chapter 195, Statutes of 2025, extended the sunset date for the California Veterinary Medical Board to January 1, 2030, and enacted various revisions in response to the Board's sunset review.

AB 1399 (Friedman), Chapter 475, Statutes of 2023, authorized the practice of veterinary medicine via "telehealth", as defined, by veterinarians as specified.

ARGUMENTS IN SUPPORT:

This bill is co-sponsored by the *California Veterinary Medical Board (CVMB),* who write: "This bill strengthens consumer and animal protections by prohibiting unlicensed individuals from performing surgeries on their own animals. It also helps address the veterinarian shortage felt in animal shelters throughout California by creating a faster way for out-of-state veterinarians to practice in California animal shelters and creating a way for retired veterinarians and RVTs to volunteer at animal shelters. In addition, consumers will have greater access to care without having to re-establish the VCPR for every medical condition."

This bill is co-sponsored by the *California Veterinary Medical Association (CVMA),* who write: "The CVMA recognizes the importance of reforms to our laws to address the changing needs of animal owners and their animals, as well as to provide a pipeline of veterinarians to help serve our shelter population. AB 1999 does just that, in a way that helps the veterinary profession to better meet community needs, improves access to veterinary care for consumers, and protects animals from potential harm."

This bill is co-sponsored by *Social Compassion in Legislation*, who write: "AB 1999 will help consumers by creating better access to veterinary care, assist animal shelters and veterinarians in

battling pet overpopulation, refine veterinary telemedicine practices, and curb the practice of surgical and dental operations on animals by their owners."

This bill is co-sponsored by the *San Diego Humane Society and SPCA (SDHS),* who write: "As an organization on the front lines of animal care and control, we see firsthand the consequences of California's veterinary workforce shortage, outdated regulatory structures, and barriers to timely care. AB 1999 represents a thoughtful and necessary modernization of the Veterinary Medicine Practice Act that will directly improve outcomes for animals, shelters, and the communities we serve."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

REGISTERED SUPPORT:

California Veterinary Medical Board (*Co-Sponsor*)
California Veterinary Medical Association (*Co-Sponsor*)
San Diego Humane Society and SPCA (*Co-Sponsor*)
Social Compassion in Legislation (*Co-Sponsor*)
Angel's Furry Friends Rescue
Animal Rescue Mission
Animal Rescuers for Change
Animal Wellness Action
Berkeley Animal Rights Center
Better Together Forever
Born Again Animal Rescue and Adoption
California Veterinary Medical Association
Collective Fashion Justice
Compassionate Bay
Concerned Citizens Animal Rescue
Eartheart
Feline Lucky Adventures
Giantmecha Syndicate
Greater Los Angeles Animal Spay Neuter Collaborative
Hugs and Kisses Animal Fund
Jaimie Brianna's Legacy Fund
Latino Alliance for Animal Care Foundation
Long Beach Spay and Neuter Foundation
Los Angeles County Democrats for the Protection of Animals
Los Angeles Rabbit Foundation
NY 4 Whales
Pibbles N Kibbles Animal Rescue
Plant-Based Advocates
Project Minnie
Rabbit Savior
Real Good Rescue
Seeds 4 Change Now Animal Rescue
Seniors Citizens for Humane Education and Legislation

Students Against Animal Cruelty Club - Hueneme High School
The Canine Condition
The Pet Loss Support Group
The Spayce Project
Underdog Heroes, INC.
Women United for Animal Welfare (WUFAW)

849 Individuals

REGISTERED OPPOSITION:

There is no opposition on file.

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2130 (Haney) – As Introduced February 18, 2026

NOTE: This bill is double referred and if passed by this Committee will be re-referred to the Assembly Arts, Entertainment, Sports, and Tourism Committee.

SUBJECT: State Athletic Commission: boxing and mixed martial arts: sponsorship contracts.

SUMMARY: Authorizes the California State Athletic Commission to enter into contracts or agreements to place the name or logo of an approved sponsor, Indian tribe, or nonprofit organization on referees, licensees, commission staff, and ringside physician apparel; directs the proceeds of the contract or agreement towards the Boxers' Pension Fund and Mixed Martial Arts Retirement Benefit Fund (MMA Fund) and referees, as specified; authorizes specified one-time vested payments from those proceeds; and authorizes the commission to employ an assistant chief athletic inspector, as specified.

EXISTING LAW:

1) Regulates and licenses combat sports under the Boxing Act, which is also called the State Athletic Commission Act. (Business and Professions Code (BPC) §§ 18600-18887)

2) Establishes the State Athletic Commission within the Department of Consumer Affairs (DCA) to administer and enforce the Boxing Act. (BPC § 18602)

3) Prohibits unlicensed promotion or participation in boxing or martial contest, match, or exhibition and grants the commission the sole direction, management, control of, and jurisdiction over all professional and amateur boxing, professional and amateur kickboxing, all forms and combinations of forms of full contact martial arts contests, including mixed martial arts, and matches or exhibitions conducted, held, or given within this state. No event may take place without the prior approval of the commission. (BPC § 18640.5)

4) Requires the commission to license referees, judges, matchmakers, and timekeepers (officials) and authorizes the commission to license the clubs, assistant matchmakers, and corporate treasurers. (BPC § 18641)

5) Authorizes the commission to license professional and amateur boxers, professional and amateur martial arts fighters, and booking agents, managers of professional boxers and professional martial arts fighters, trainers, chief seconds, and seconds of each, as specified. (BPC § 18642)

6) Defines "club" and "promoter" synonymously to mean a corporation, partnership, association, individual, or other organization which conducts, holds, or gives a boxing or martial arts contest, match, or exhibition. (BPC § 18622)

7) Defines a professional or amateur boxer or martial arts fighter as one who engages in a boxing or martial arts contest and possesses fundamental skills in their respective sport. (BPC § 18623)

8) Defines “contest” and “match” synonymously to mean professional and amateur boxing, kickboxing, and martial arts exhibitions, and mean a fight, prizefight, boxing contest, pugilistic contest, kickboxing contest, martial arts contest, or sparring match, between two or more persons, where full contact is used or intended that may result or is intended to result in physical harm to the opponent. (BPC § 18625(a))

9) Defines “martial arts” as any form of karate, kung fu, tae kwon do, kickboxing or any combination of full contact martial arts, including mixed martial arts, or self-defense conducted on a full contact basis where a weapon is not used. (BPC §18627(a))

10) Defines “kickboxing” as any form of boxing in which blows are delivered with the hand and any part of the leg below the hip, including the foot. (BPC § 18627(b))

11) Defines “full contact” as the use of physical force in a martial arts contest that may result or is intended to result in physical harm to the opponent, including any contact that does not meet the definition of light contact or noncontact. (BPC § 18627(c))

12) Defines "manager" to mean any individual or corporate principal who directs a professional fighter's career, arranges their contests, or receives more than 10 percent of their gross purse, except for licensed attorneys when legal representation. (BPC § 18628)

13) Requires the commission to establish the MMA Fund for licensed professional martial artists who engage in mixed martial arts contests in this state, as specified. (BPC §§ 18888-18888.12)

THIS BILL:

1) Authorizes the commission to employ an assistant chief athletic inspector in charge of training.

2) Specifies that, if the commission employs an assistant chief athletic inspector in charge of training, the assistant chief athletic inspector in charge of training assists the chief athletic inspector in exercising the powers and performing the duties delegated by the commission and authorized by the executive officer related to regulation of events.

3) Authorizes the commission to enter into a contract with an approved sponsor to place the sponsor’s name or logo, as approved by the commission, on referee, licensee, commission staff, and ringside physician apparel.

4) Authorizes the commission to enter into an agreement with an Indian tribe or a nonprofit organization to similarly display the name, logo, insignia, or brand, as approved by the commission, of the Indian tribe or nonprofit organization.

5) Specifies that a contract or agreement entered into for displaying names and logos on apparel is at the discretion of the commission and is not be subject to any of the following:

    a) Competitive bidding or any other state contracting requirements.

    b) Review, consent, or approval of any other state department or agency.

c) The State Contracting Manual, the State Administrative Manual, the Public Contract Code, or personal services contracting requirements.

6) Specifies that payment received by the commission for a sponsorship shall be distributed as follows:

   a) Divide 75% of the payment between the Boxers' Pension Fund and the Mixed Martial Arts Retirement Benefit Fund in a manner that fairly represents the revenue derived from each segment, as determined by the commission and set forth in the sponsorship contract.

   b) Deposit 25% of the payment into the Athletic Commission Fund to be used for referee training, payment, and education.

7) Prohibits sponsorship contracts from the following:

   a) Promoting a sham or fake contest, as defined.

   b) Promoting the use of prohibited or illegal substances.

8) Exempts the commission from the rulemaking provisions of the Administrative Procedure Act for purposes of this bill.

9) Defines purposes of the provisions under this bill:

   a) "Approved sponsor" means a sponsor for whom both of the following are true:

      i) The sponsor is in compliance with all applicable laws and regulations pertaining to their business or profession.

      ii) The sponsor does not have a financial interest in a licensee participating in, or the outcome of, a contest in which the sponsor's name or approved logo appears pursuant to this section.

      iii) "Indian tribe" means a federally recognized Indian tribe and any department, division, subdivision, agency, or arm or instrumentality thereof.

      iv) "Nonprofit organization" means a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code.

10) Specifies that a violation of this the provisions under this bill is not a crime.

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

COMMENTS:

Purpose. This bill is sponsored by the *California State Athletic Commission*. According to the author, "Fighters step into the ring risking serious, lifelong injuries, yet many retire without the security athletes in other major sports have. [This bill] takes a commonsense step to change that by allowing sponsor logos on referee apparel and directing most of that revenue to fighter retirement funds. It does not raise taxes or ticket prices. It simply ensures that when corporations profit from combat sports, fighters share in that success."

Background. California, through the California State Athletic Commission, regulates most forms of professional and amateur combative sporting events, such as boxing and martial arts events, including MMA events. Specifically, the commission regulates events where the use of full contact may result in physical harm to an opponent, including amateur contests where full contact may be unintentionally used.

The need for regulation is the inherent risk of harm in combative sporting contests, particularly when held for the entertainment of viewers. Left unregulated, contests may lack safety equipment, mismatch contestants, or, in the case of professionals, fail to pay the contestants. To that end, the commission is tasked with ensuring that contestants who wish to participate in these sports may do so safely and fairly. This is done through the licensing of the fighters themselves, as well as the managers, corners, matchmakers, trainers, promoters, and officials.

Commission Funding. The commission, like other DCA licensing boards, is a special fund entity and receives no support from the state general fund. It instead relies on revenues from licensing, administrative, and other regulatory fees to pay for its costs. However, the nature of the commission's licenses differs from other DCA licensing boards. Other DCA licensing boards focus on the competence of practitioners that deliver professional services to consumers, and the workload related to ensuring that competence is recouped through license renewal fees.

The commission only licenses fighters to ensure they have the skills to compete with other licensees safely. Instead, the bulk of the commission's workload is the regulation of the events that profit from the fighters' participation. As such, the commission primarily relies on fees on the revenues from the promoters of the events.

However, because the bulk of the commission's revenue comes from the event fees, the commission's solvency is dependent on the number and size of fights held in California, which is impossible to predict. As a result, the commission's reserve has experienced extreme fluctuations. This bill may potentially provide a small offset for the volatility by supplementing the funding for referee training, payment, and education.

Boxing and MMA Retirement Funds. Many professional fighters compete full-time, potentially putting off other career or employment opportunities in the meantime. They may also compete on a contractual basis, which may leave them without the usual employer-sponsored benefits one may receive in other sectors, such as retirement benefits. Acknowledging this issue, California has established quasi-requirement payment programs for boxers and martial artists. This bill seeks to provide additional funding for the Boxers' Pension Fund and the recently created MMA Fund.

Prior Related Legislation. AB 1136 (Haney), Chapter 466, Statutes of 2023, required the commission to establish the MMA Fund.

AB 1703 (Carrillo), Chapter 591, Statutes of 2023, increased the cap on the amount of admission revenue that promoters must report from $2,000,000 to $4,000,000 and increased the cap on the gate revenue fee from $100,000 to $200,000.

ARGUMENTS IN SUPPORT:

The California State Athletic Commission (sponsor) writes in support:

> [This bill] would grant the Commission explicit authority to enter into sponsorship agreements, thereby creating an additional and sustainable funding stream to support and enhance the long-term viability of the Pension Plan and the MMA Benefit Plan.
>
> These novel revenue opportunities would ensure that eligible athletes receive meaningful benefits during and after their athletic careers.
>
> Furthermore, the bill would enable the Commission to revise the rules governing discretionary payments from the MMA Benefit Fund. This clarification would grant the Commission greater flexibility and clearer authority to issue payments to athletes who vested prior to the establishment of the MMA Benefit Plan, thereby ensuring that long-serving athletes are appropriately recognized and supported.
>
> Additionally, [this bill] would formally establish a new position within the Inspector Program: an Assistant Chief Inspector dedicated specifically to training. This role would enhance consistency across events, strengthen inspector readiness, and ensure that training standards remain aligned with evolving best practices in combat sports regulation.
>
> As an organization that deeply respects the dedication, discipline, and hard work of combat sports athletes, we believe that the improvements proposed in [this bill] will further bolster the Commission's ability to support fighters both during their active careers and in retirement.

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUES FOR CONSIDERATION:

Sponsorship Impact on Commission's Role as a State Regulator. As the sole regulator of combat sports in the state, the commission is granted significant authority. The weight of that specific authority is augmented by and necessarily tied to the state's sovereignty. The state image infrastructure, including the state seal, badges and pins, .gov domains, and uniforms, broadcast the state's police power and the public's trust. When the commission staff, officials, or physicians walk into a venue, they carry the legitimacy of the state government.

When a private company logo or any other type of paraphernalia is placed on the apparel of commission personnel, viewers unconsciously associate that paraphernalia with the state. This is known as the halo effect—when a viewer cannot separate their feelings about one thing from another, the halo of the one (e.g. state legitimacy) causes the other to appear similarly to the viewer.[1] As a result, even if unintended, a sponsorship on a state official's uniform transfers the

---

[1] American Psychological Association, "halo effect," *APA Dictionary of Psychology*, last modified November 15, 2023, https://dictionary.apa.org/halo-effect; Daniel Kahneman, *Thinking, Fast and Slow* (New York: Farrar, Straus and Giroux, 2011), chap. 7; *Pleasant Grove City v. Summum*, 555 U.S. 460, 467–81 (2009) (recognizing that a government entity's display of a privately funded symbol on public property implies official state endorsement of that message).

state's legitimacy to the sponsor, creating an implied endorsement. This concept is operationalized in the prohibition against the commercial use of the state seal.[2]

Implied Conflict of Interest. Similarly, when an official is wearing a private company's logo, the relationship creates the appearance of impropriety. Even though this bill contains conflict of interest requirements, the casual viewer may not know or simply may not believe that the official is not acting in the interest of the sponsor, either directly or because the official simply wants to maintain the sponsorship.

Regulator vs. Market Participant. Comparisons have been made between the commission and state football teams, who do have sponsorships. However, this is not a good comparison. While both may be associated with the state, a football team is not a regulator. The football team's closest equivalent in combat sports is a gym, or the trainer, or manager—a licensee under the commission.

Similar parallels have been made to the National Collegiate Athletic Association and the National Football League. These member driven, commercial organizations are also not regulators. Their closest parallels are promoters. They hold events that bring in revenue to their organizations.

The commission is the state government. It is tasked with protecting the public and its licensed fighters above all else. Commercial football organizations are not. When those organizations choose sponsors, even if fans may criticize their choice, it is ultimately a business decision. If the commission's neutrality is questioned, it compromises the integrity of the state's regulatory role.

User Fees. A general policy principle regarding licensing special funds is that the users of the licensing entity's services should fund the program. While the commission's license fee structure is different than other licensing boards, the primary licensees who profit from the licensing program, promoters, are being subsidized by private money rather than asked to contribute more profit. At the same time, because the commission's revenues are so dependent on admission fees from events held by promoters in California, there has been hesitancy to increase the admission fees or explore pay-per-view fees.

Captive Audience and Privacy Concerns. Because consumers are required to interact with state licensing regulators (for instance to check a license), the state has a captive audience. For the commission specifically, the Boxing Act states that no event shall take place without the prior approval of the commission. By placing advertising within the view of the captive audience, the state is forcing citizens to give up their attention (or in the case of a website, data) for accessing a service that should be available at no cost.

IMPLEMENTATION ISSUES:

Exemptions From State Manuals and Administrative Procedures Act (APA). Because the manuals and the APA are there to ensure a uniform, transparent, and fair process, the author may wish to amend the bill to require them.

---

[2] Government Code § 402.

AMENDMENTS:

1) To ensure transparency in the contracting process, require the commission to comply with the Administrative Procedure Act, state contracting manuals, and to promulgate regulations regarding the process amend the bill as follows:

On page 4 of the bill, between lines 11-32

18829. (a) (1) ~~Notwithstanding any other law,~~ *Subject to subdivision (f),* the commission may ~~enter~~ *do the following:*

(A) Enter into a contract with an approved sponsor to place the sponsor's name or logo, as approved by the commission, on ~~referee, licensee, commission staff,~~ *referee* and ringside physician apparel.

~~(2)~~ *(B)* ~~Notwithstanding any other law, the commission may enter~~ *Enter* into an agreement with an Indian tribe or a nonprofit organization to display the name, logo, insignia, or brand, as approved by the commission, of the Indian tribe or nonprofit organization as described in ~~paragraph (1).~~ *subparagraph (A).*

~~(3)~~*(2)* A contract or agreement entered into pursuant to this section shall be at the discretion of the ~~commission and shall not be~~ *commission,* subject to ~~any of~~ the following:

(A) ~~Competitive bidding or any other state contracting requirements.~~ *The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).*

~~(B) Review, consent, or approval of any other state department or agency.~~

~~(C)~~ *(B)* The State Contracting Manual, the State Administrative Manual, the Public Contract Code, ~~or~~ *and* the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(C) Any other applicable bidding and state contracting requirements.

On page 5, strike lines 10-15:

~~(d) The commission may adopt regulations for the implementation of this section, and, notwithstanding Section 18611, regulations adopted by the commission for the implementation of this section shall be exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).~~

On page 5, line 30:

(f) *The commission shall not enter into a contract or agreement until it has promulgated regulations establishing and describing the entire procurement lifecycle for contracts and agreements under this section consistent with paragraph (2) of subdivision (a), including, but not limited to, all of the following:*

(1) The procedures for evaluating and selecting applicants, including the scoring methodology and each criterion used.

(2) The permissible provisions of the contracts and agreements.

(3) The process, phase, and procedures used to ensure equity and transparency in the procurement lifecycle.

(g) Notwithstanding Section 18878, a violation of this section is not a crime.

2) To provide additional criteria for approved sponsors, amend the bill as follows:

On page 5 lines 17-29:

(e) For purposes of this section, the following definitions apply:

(1) "Approved sponsor" means a sponsor for whom ~~both~~ *all* of the following are true:

(A) The sponsor is in compliance with all applicable laws ~~and regulations~~ pertaining to ~~their business or profession.~~ *all of the following:*

(i) Their business or profession, including labor and employment laws.

(ii) Any other laws as determined by the commission.

(B) The sponsor does not have a financial interest in a licensee participating in, or the outcome of, a contest in which the sponsor's name or approved logo appears pursuant to this section.

(C) The sponsor does not otherwise conflict with the commission's priorities pursuant to Section 18602.1.

REGISTERED SUPPORT:

California State Athletic Commission (sponsor)
Association of Boxing Commission and Combative Sports
Association of Ringside Physicians
California Amateur Mixed Martial Arts Organization
Two individuals

REGISTERED OPPOSITION:

There is no opposition on file.

Analysis Prepared by: Vincent Chee / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2249 (Irwin) – As Amended March 16, 2026

SUBJECT: Cannabis: labels, packaging, and manufacturing.

SUMMARY: Establishes a definition of "attractive to children" for purposes of prohibited advertising, marketing, packaging, and labeling of cannabis and cannabis products; requires the Department of Cannabis Control (DCC) to produce a standardized rubric for determining whether cannabis products are attractive to children; and requires the DCC to establish a process for licensees to request a written determination of whether a proposed packaging or labeling of a cannabis product is attractive to children.

EXISTING LAW:

1) 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. (Business and Professions Code (BPC) §§ 26000 *et seq.*)

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

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

4) 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)

5) Requires cannabis or cannabis products purchased by a customer to be placed in an opaque package prior to leaving a licensed retail premises. (BPC § 26070.1)

6) Requires cannabis and cannabis products to be labeled and placed in a tamper-evident, child-resistant package prior to delivery or sale. (BPC § 26120(a))

7) Prohibits cannabis and cannabis product packages and labels from being made to be attractive to children. (BPC § 26120(b))

8) Requires cannabis and cannabis product labels and inserts to include specified information prominently displayed in a clear and legible fashion. (BPC § 26120(c))

9) Provides that only generic food names may be used to describe the ingredients in edible cannabis products. (BPC § 26120(d))

10) Allows for cannabis beverages to be packaged in containers that are clear or any color. (BPC § 26120(e))

11) 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(f))

12) Requires the DCC to regularly reevaluate its labeling regulations to determine whether additional warnings are necessary to reflect evolving science regarding the risks that cannabis use may cause consumers. (BPC § 26121)

13) 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)

14) Requires the DCC to establish standards for the manufacturing, packaging, and labeling of all manufactured cannabis products. (BPC § 26130(a))

15) Requires edible cannabis products to be all of the following:

    a) Not designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

    b) Produced and sold with a standardized concentration of cannabinoids not to exceed 10 milligrams tetrahydrocannabinol (THC) per serving.

    c) Delineated or scored into standardized serving sizes if the cannabis product contains more than one serving and is an edible cannabis product in solid form.

    d) Homogenized to ensure uniform disbursement of cannabinoids throughout the product.

    e) Manufactured and sold under sanitation standards established by the DCC that are similar to the standards for preparation, storage, handling, and sale of food products.

    f) Provided to customers with sufficient information to enable the informed consumption of the product, including the potential effects of the cannabis product and directions as to how to consume the cannabis product, as necessary.

    g) Marked with a universal symbol, as determined by the DCC through regulation.

    h) Prohibits edible cannabis products from being designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

    (BPC § 26130(C))

16) Provides that standards for the production, packaging, and labeling of all cannabis products developed by the DCC apply to all licensed manufacturers, microbusinesses, and nonprofits, unless otherwise specified by the DCC. (BPC § 26131)

17) Defines "advertisement" as any written or verbal statement, illustration, or depiction which is calculated to induce sales of cannabis or cannabis products, including any written, printed, graphic, or other material, billboard, sign, or other outdoor display, public transit card, other periodical literature, publication, or in a radio or television broadcast, or in any other media; except that such term shall not include product label or news publications. (BPC § 26150(b))

18) Defines "marketing" as any act or process of promoting or selling cannabis or cannabis products, including, but not limited to, sponsorship of sporting events, point-of-sale advertising, and development of products specifically designed to appeal to certain demographics. (BPC § 26150(e))

19) Requires that all cannabis advertisements identify the license number of the licensee responsible for its content, requires any advertising or marketing by cannabis licensees placed in broadcast, cable, radio, print, and digital communications to only be displayed where at least 71.6 percent of the audience is reasonably expected to be 21 years of age or older, and requires any direct advertising or marketing by cannabis licensees to verify that the recipient is 21 years of age or older. (BPC § 26151)

20) Prohibits a person engaged in commercial cannabis activity, whether licensed or unlicensed, from doing any of the following:

    a) Advertising or marketing in a manner that is false or untrue in any material particular, or that, irrespective of falsity, directly, or by ambiguity, omission, or inference, or by the addition of irrelevant, scientific, or technical matter, tends to create a misleading impression.

    b) Publishing or disseminating advertising or marketing containing any statement concerning a brand or product that is inconsistent with any statement on its labeling.

    c) Publishing or disseminating advertising or marketing containing any statement, design, device, or representation which tends to create the impression that cannabis or hemp originated in a particular place or region, unless the label of the advertised product bears an appellation of origin, and such appellation of origin appears in the advertisement.

    d) Advertising or marketing on a billboard or similar advertising device located on an Interstate Highway or on a State Highway which crosses the California border.

    e) Advertising or marketing cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products.

    f) Publishing or disseminating advertising or marketing that is attractive to children.

    g) Advertising or marketing cannabis or cannabis products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 to 12, inclusive, playground, or youth center.

    h) Publishing or disseminating advertising or marketing while the licensee's license is suspended.

    (BPC § 26152)

21) Requires the advertisement and marketing of an integrated cannabis vaporizer to provide specified statements about how to correctly dispose of those products. (BPC § 26152.1)

22) Authorizes the Attorney General, on behalf of the people, a city attorney, or a county counsel to bring and maintain an action for violations of cannabis advertising prohibitions. (BPC § 26152.2)

23) Prohibits a cannabis licensee from including on the label of any cannabis or cannabis product or publishing or disseminating advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects on health of cannabis consumption. (BPC § 26154)

24) Exempts from the prohibition against advertising within 1,000 feet of a day care, school, playground, or youth center the placement of advertising signs inside a licensed premises that are not visible by normal unaided vision from a public place, provided that such advertising signs do not advertise cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. (BPC § 26155)

25) Requires a manufacturer, distributor, or seller of an industrial hemp product to follow packaging, labeling, and advertising laws applicable to cannabis businesses. (Health and Safety Code § 111926)

THIS BILL:

1) Defines "attractive to children" for purposes of MAUCRSA as meaning any of the following:

   a) Images that are designed or likely to appeal to children, except as part of required health warnings, including, but not limited to, any of the following:

      i) Cartoons, as defined.

      ii) Any real or fictional humans, unless used to convey information regarding safe use of the product or packaging.

      iii) Any fictional animals or creatures.

      iv) Fruits or vegetables, except when used to accurately describe ingredients or flavors contained in a product.

      v) Toys or robots.

      vi) Bubble-type or other cartoon-like font, including, but not limited, to typography which uses rounded shapes that resemble bubbles, balloons, or other inflated shapes.

   b) Any likeness to images, characters, or phrases that are popularly used to advertise to children or resemble a noncannabis consumer product that is marketed to children.

   c) Any likeness to a noncannabis consumer product that is marketed to children.

   d) Any imitation of candy packaging or labeling, or other packaging and labeling of cereals, sweets, chips, or other food products typically marketed to children.

   e) The terms "candy" or "candies" or variants in spelling such as "kandy" or "kandee."

   f) Brand names or close imitations of brand names of candies, cereals, sweets, chips, or other food products typically marketed to children.

g) Any other image or packaging that is easily confused with commercially available foods that do not contain cannabis and are typically marketed to children.

h) Anything else that the DCC determines in regulation to be attractive to children.

i) Anything else that is attractive to children in light of all relevant facts and circumstances.

2) Provides that cannabis, cannabis products, packages, and labels shall not be made to be attractive to children.

3) Prohibits a manufacturer, distributor, or seller of cannabis or cannabis products from manufacturing, distributing, or selling any cannabis or cannabis product, or any packaging or labeling, that is attractive to children.

4) Requires the DCC to develop, adopt, and implement by regulation a standardized rubric for determining whether cannabis products, including their packaging and labeling, are attractive to children, on or before July 1, 2027.

5) Provides that the standardized rubric shall identify and describe prohibited design elements, including, but not limited to, all of the following elements:

a) Images, characters, or depictions.

b) Product form factors or physical presentations.

c) Color schemes, graphic styles, or fonts.

d) Resemblance to commercially available foods, beverages, or consumer products that are commonly marketed to children.

6) Requires the DCC to make the rubric publicly available, including on its internet website, and to provide the rubric to licensees as guidance.

7) Provides that the DCC shall update the rubric by regulation as necessary to reflect emerging products, marketing practices, and public health data.

8) Requires the DCC develop, adopt, and implement by regulation a process by which a licensee may voluntarily request a written determination from the DCC to inform the licensee of whether a proposed packaging or labeling of a cannabis product is attractive to children.

9) Requires the DCC to establish the written determination process by July 1, 2027.

10) Provides that the DCC shall use the standardized rubric in making a determination pursuant to this section.

11) Requires the DCC to issue a written determination within 30 calendar days of receiving a request for a determination.

12) Provides that a written determination issued by the DCC for a proposed packaging or label of a cannabis product shall be binding on the DCC for purposes of any subsequent enforcement action against any licensee.

13) Authorizes the DCC to establish by regulation a reasonable fee to cover the costs of making a written determination.

14) Provides that requesting a written determination shall not be required as a condition of licensure under MAUCRA or for the sale of a cannabis product.

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:

> The recent audit completed by the State Auditor confirmed what many have long recognized: California's cannabis industry continues to package and market products in ways which are overtly attractive to children. Since the passage of Proposition 64, child cannabis poisonings have increased dramatically. These exposures are often driven by cannabis product packaging that uses features which are explicitly attractive to children, leading children to consume the products unintentionally. Young children who accidentally consumer cannabis require poison control treatment consistently, and in many cases they can also expose their fellow elementary and middle school peers to cannabis. AB 2249 acts on recommendations from the auditor to clarify and strengthen California's standards for what constitutes cannabis packaging that is attractive to children. The bill also ensures that the Department of Cannabis Control provides licensees with additional resources and pathways to work on designing compliant packaging which is not attractive to children. Taken together, these reforms will protect children from cannabis poisonings and ensure we keep young Californians out of the emergency room.

Background.

Brief History of Cannabis Regulation in California. Consumption of cannabis was first made lawful in California in 1996 when voters approved Proposition 215, 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. 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.

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, for the first time, 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 extensive regulations governing the implementation of the state's cannabis laws, MCRSA fully preserved local control. Under MCRSA, local governments may establish their own ordinances to regulate medicinal cannabis activity. Local jurisdictions could also choose to ban cannabis establishments altogether.

Not long after the Legislature enacted MCRSA, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). The passage of the AUMA legalized cannabis for non-medicinal adult use in a private home 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 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 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 2021, the Department of Finance released trailer bill language to create a new department 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.

Child-Attractive Advertising and Labeling Restrictions. Prior to the AUMA being passed by the voters, arguments both for and against the initiative debate whether Proposition 64 would adequately protect children from exposure to the cannabis industry. In the official text of Proposition 64, the purpose and intent of the initiative was stated to include an intention to "prohibit the marketing and advertising of nonmedical marijuana to persons younger than 21 years old or near schools or other places where children are present." Proposition 64 included a number of specified safeguards for minors, including:

- Prohibiting consumption of cannabis outside a residence within 1,000 feet of a school, day care center, or youth center while children are present.
- Requiring child-resistant packaging for cannabis products.
- Prohibiting packages and labels from being made to be attractive to children.
- Providing that cannabis products shall not be designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain marijuana.
- Prohibiting cannabis businesses from being located within 600 feet of schools and other areas where children congregate.
- Authorizing a licensing authority to deny a license if there is an unreasonable risk of minors being exposed to cannabis or cannabis products.
- Expressly prohibiting businesses selling recreational cannabis to minors under 21 or employing minors under 21.

The AUMA further required that "any advertising or marketing involving direct, individualized communication or dialogue controlled by the licensee shall utilize a method of age affirmation to verify that the recipient is 21 years of age or older prior to engaging in such communication or dialogue controlled by the licensee."

Additionally, Proposition 64 included a prohibition against "advertising or marketing containing symbols, language, music, gestures, cartoon characters or other content elements known to appeal primarily to persons below the legal age of consumption." This language was significantly simplified when MCRSA and the AUMA were reconciled through the enactment of SB 94. Under MAUCRSA, licensees are instead prohibited more generally from publishing or disseminating "advertising or marketing that is attractive to children." However, similar language was incorporated into regulations originally promulgated by the Bureau of Cannabis Control.

MAUCRSA currently prohibits individuals and entities engaged in commercial cannabis activity, whether licensed or unlicensed, from advertising or marketing cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. MAUCRSA further prohibits publishing or disseminating advertising or marketing that is attractive to children. Cannabis or cannabis products also cannot be advertised or marketed on a sign within 1,000 feet of a daycare center, school providing instruction in kindergarten or any of grades 1 to 12, inclusive, playground, or youth center.

The regulations adopted to consolidate the state's cannabis regulators in 2021 further scaled down the number of examples of what types of advertising would be deemed "attractive to children." The specific examples of "toys, inflatables, movie characters, [and] cartoon characters" were replaced with a prohibition against cartoons, depictions of minors, or "any likeness to images, characters, or phrases that are popularly used to advertise to children." The revised regulations also incorporated other prohibition language previously applied only to labeling requirements into the more general advertising restrictions. This includes prohibitions against products containing any imitation of candy packaging or labeling or using the term "candy" or "candies" or variants in spelling such as "kandy" or "kandeez." The regulations also prohibit the advertising of free cannabis goods or accessories.

While these prohibitions are contained in provisions of the DCC's regulations relating to advertising and marketing, these prohibitions apply to the packaging and labeling of cannabis goods as well. MAUCRSA requires the DCC to promulgate regulations to set standards for the manufacturing, packaging, and labeling of all manufactured cannabis products. The DCC's regulations specifically cross-reference the advertising content restrictions in language prohibiting cannabis goods labeling from containing "content that is, or is designed to be, attractive to individuals under the age of 21." The DCC's regulations further prohibit the selling of "any cannabis product that the Department determines, on a case-by-case basis," to be either "attractive to children" based on the above criteria, or "easily confused with commercially available foods that do not contain cannabis."

In August 2025, the California State Auditor (CSA) released an audit of the DCC's enforcement of laws prohibiting cannabis products from being advertised, marketed, or labeled in a manner that is attractive to children. The CSA report determined that "state law and DCC's regulations about design elements that are attractive to children are unspecific, leading to subjective and sometimes inconsistent determinations of whether cannabis product packaging is compliant."

The CSA recommended that the Legislature clarify what design elements are prohibited from cannabis packaging. The CSA additionally recommended that the DCC improve its documentation and specify penalties for repeat offenders to disincentivize licensees from violating regulations regarding attractiveness to children.[1] On February 17, 2026, the Joint Legislative Audit Committee and the Assembly Committee on Business and Professions held a joint hearing on the CSA report and received a presentation from the State Auditor's office.

This bill, authored by the member who formally requested the CSA audit, would recodify a definition of "attractive to children" for purposes of prohibited advertisements and product packaging under MAUCRSA. Some of the specific examples provided in the bill are already prohibited in the DCC's regulations, including cartoons, images similar to those popularly used to advertise to children, and imitations of candy packaging or labeling. The bill would provide for more specificity around what constitutes a "cartoon" and would ban additional images including real or fictional humans, fictional animals, toys or robots, and fruit or vegetables, except when used to accurately describe ingredients or flavors contained in a product. Similar but not identical language was contained in a prior bill authored by the author of this bill, which was vetoed by the Governor in 2023.

In addition to recodifying an expanded definition of "attractive to children," this bill would require the DCC to develop, adopt, and implement by regulation a standardized rubric for determining whether cannabis products, including their packaging and labeling, are attractive to children. The CSA report recommended that the DCC implement a rubric for determining whether products violate legal prohibitions against packaging attractive to children, which the DCC testified was already in development. The bill would require the DCC to make the rubric publicly available and to periodically update it to reflect emerging products, marketing practices, and public health data.

Finally, this bill would require the DCC to develop, adopt, and implement by regulation a process by which a licensee may voluntarily request a written determination from the DCC to inform the licensee of whether a proposed packaging or labeling of a cannabis product is attractive to children. The State of Oregon has established a similar process whereby cannabis licensees have the option to either use pre-approved plain packaging or, for a fee, have the cannabis licensing agency review the licensee's packaging for compliance before their cannabis products are available for sale. This bill, however, would provide that obtaining a written determination would be purely voluntary, but would be binding on the DCC for purposes of future enforcement actions.

Current Related Legislation. AB 2532 (Irwin) would require the labels of edible cannabis products and cannabis beverages to include the toll-free telephone number for the national Poison Help line and would prohibit cannabis beverages from containing more than 10 milligrams of THC per container. *This bill is pending in this committee.*

AB 2667 (Hadwick) would prohibit the sale of cannabis or tobacco vape products that conceal the nature of the vape product, use branding known to appeal to minors, or include interactive videogame capabilities. *This bill is pending in this committee.*

---

[1] California State Auditor. *Department of Cannabis Control: Unclear Rules and Insufficient Enforcement Hamper Its Ability to Identify Packaging That Is Attractive to Children.* Report No. 2024-105, August 2025.

Prior Related Legislation. SB 1348 (Ashby), Chapter 899, Statutes of 2024 authorized state and local prosecutors to bring an action for injunctive relief and civil penalties against individuals engaged in commercial cannabis or industrial hemp activity for violations of laws intended to restrict the advertising and marketing of cannabis and hemp products to minors, and extended those laws to apply to individuals operating without a license or registration.

SB 540 (Laird) Chapter 491, Statutes of 2023 required the DCC to regularly reevaluate its regulations and determine whether additional warning labels are necessary to reflect evolving science regarding the risks of cannabis use and to create a brochure that includes steps for safer use of cannabis.

AB 1207 (Irwin) of 2023 would have placed additional restrictions on the advertising, marketing, packaging, and labeling of cannabis and cannabis products. *This bill was vetoed by the Governor.*

AB 794 (Flora) of 2023 would have required all cannabis advertisements and marketing to include the licensee's name in addition to the licensee number, and would prohibit a technology platform or an outdoor advertising company from displaying an advertisement unless the advertisement displays that licensee's name and license number. *This bill died in this committee pursuant to Joint Rule 56.*

AB 1894 (L. 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 273 (Irwin) of 2021 would have placed restrictions on the content of outdoor advertising by cannabis businesses and required a licensing authority to suspend the license of any licensee who violates those restrictions for one year. *This bill failed passage in this committee.*

AB 2899 (B. Rubio), Chapter 923, Statutes of 2018 prohibited a licensee from publishing or disseminating advertisements or marketing of cannabis and cannabis products while the licensee's license is suspended.

SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017 combined AUMA and MCRSA into a unified system for the regulation of cannabis, MAUCRSA.

ARGUMENTS IN SUPPORT:

Youth Forward supports this bill, writing: "The recent report by the State Auditor on cannabis marketing to children and youth simply restated a massive problem we have been bringing to the attention of state policymakers since 2019. To date, the Legislature and the Governor have failed to address this problem. State policymakers have allowed this problem to continue unabated, with more children being poisoned by cannabis products each year."

ARGUMENTS IN OPPOSITION:

The *California Cannabis Industry Association* (CCIA) opposes this bill, writing: "AB 2249 would impose significant costs on the licensed businesses that already keep cannabis away from children, undermine the state's efforts to bring consumers into the regulated market, and does not address safe at-home storage practices."

POLICY ISSUE(S) FOR CONSIDERATION:

Overbroad Agency Discretion. In addition to codifying specific examples of images that are to be considered attractive to children for purposes of MAUCRSA, this bill would authorize the DCC to make additional determinations that certain imagery is attractive to children. First, the bill would allow for the DCC to adopt regulations to prohibit other imagery it deems attractive to children. These regulations would be governed by the Administrative Procedure Act, which requires public notice and the opportunity for stakeholders to provide input. However, the bill would also prohibit "anything else that is attractive to children in light of all relevant facts and circumstances." This language is does not require public rulemaking and is arguably vague and broad in its potential application. Given that the DCC already has the flexibility to expand the definition of "attractive to children" through a public rulemaking process, the author should consider striking this additional authority.

Potential Loophole for Child-Attractive Images. Language in this bill prohibiting certain images includes an exception for when those images are included "as part of required health warnings." While this is intended to provide licensees with flexibility when determining how best to provide consumers with important health and safety information, it could theoretically create a loophole wherein consumers are warned not to consume cannabis while pregnant or breastfeeding in a speech bubble adjacent to a cartoon unicorn. Given that this is presumably not the author's intent, the bill should be amended to clarify that the exception only applies when an image is *required* as part of a required health warning.

Lack of Authority to Withdraw a Written Determination. This bill would require the DCC to establish a process by which a licensee may voluntarily request a written determination from the DCC to inform the licensee of whether a proposed packaging or labeling of a cannabis product is attractive to children. The bill provides that once a licensee has obtained a written determination that a product is not attractive to children, the written determination "shall be binding on the department for purposes of any subsequent enforcement action against any licensee." The bill does not currently allow the written determination to be revised or rescinded based on changed circumstances.

For example, the DCC may approve a product labeled as "Greenpuffs" because it does not consider that branding to be inherently child-attractive, only for a children's cartoon series to premier a year later featuring a hugely popular character named Greenpuffs the Dragon Princess. The author may wish to provide the DCC some authority to rescind a prior written determination. In that event, additional language should be included to allow for some form of grace period for the licensee to sell through existing products.

Prohibitions on Advertisements Containing Real Humans. This bill would include in the definition of "attractive to children" any real or fictional humans, unless the image is used to convey information regarding safe use of the product or packaging. This would prohibit depictions of humans in product packaging and labeling as well as advertising and marketing. While there are certainly some instances in which the image of a human is attractive to children, such as with celebrity endorsers, this broad prohibition would also ban images of the licensed cultivator, manufacturer, or seller of the cannabis product. Many licensees may wish to publish advertisements in which they themselves are depicted, including equity operators and legacy growers. The author may wish to allow for an exception for these forms of advertisements.

AMENDMENTS:

1) To remove unnecessarily overbroad authority for the DCC to prohibit "anything else that is attractive to children in light of all relevant facts and circumstances," strike paragraph (9) of subdivision (e) in Section 1 of the bill.

2) To address a potential loophole in the exception to the bill's prohibition on cartoons and other images, amend paragraph (1) of subdivision (e) in Section1 of the bill as follows:

   Use of images that are designed or likely to appeal to children, including, but not limited to, images of any of the following, except when required as part of required health warnings:

3) To allow the DCC to modify or revoke a written determination in the event of a change in circumstances, add a new paragraph (4) to subdivision (a) in Section 3 as follows:

   The department may revise or rescind a written determination by providing a notice to the licensee in writing that contains the reasoning behind the revision or rescission. A written determination previously in effect shall remain legally binding on the department for six months following the date the department provides notice to the licensee.

4) To establish an exception to the prohibition on images of real humans for advertising and marketing depicting licensees, amend Section 26150 of the Business and Professions Code to add a new subdivision as follows:

   "Attractive to children" shall have the same meaning as provided in Section 26001. Notwithstanding that section, a licensee may publish or disseminate advertising or marketing that contains images of real humans under either of the following circumstances:

   (1) The image accurately depicts the licensee and is not a cartoon.

   (2) The image is part of a corporate logo and is limited in color to black and white.

REGISTERED SUPPORT:

American Academy of Pediatrics
California State Association of Psychiatrists
County Health Executives Association of California
Youth Forward

REGISTERED OPPOSITION:

California Cannabis Industry Association
Central California Cannabis Club
Equity Trade Network
Humboldt County Growers Alliance
Kiva Confections
Mendocino Cannabis Alliance
Origins Council
Trinity County Agriculture Alliance
United Core Alliance
One individual

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2402 (Boerner) – As Amended April 9, 2026

SUBJECT: Health studio contracts: fee limits: multiservice health club studio.

SUMMARY: Exempts a "multiservice health club studio," as defined, from the $4,400 limit on contracts for health studio services.

EXISTING LAW:

1) Establishes consumer protections for contracts for health studio services. (Civil Code (CIV) §§ 1812.80-1812.98)

2) Defines a "contract for health studio services" as a contract for: (1) instruction, training or assistance in physical culture, body building, exercising, reducing, figure development, or physical skill; (2) for the use of the facilities of a health studio, gymnasium or other facility used for the above purposes; or (3) for membership in a group, club, association, or organization formed for any of the above purposes. (CIV § 1812.81)

3) Excludes from the definition of "contract for health studio services":

   a) Contracts for professional services rendered or furnished by a licensed healing arts practitioner under the Business and Professions Code. (CIV § 1812.81, clause (a))

   b) Contracts for instruction at schools operating pursuant to the provisions of the Education Code. (CIV § 1812.81, clause (b))

   c) Contracts for instruction, training, or assistance relating to diet or control of eating habits not involving physical culture, body building, exercising, figure development, or any other such physical skill. (CIV § 1812.81, clause (c))

4) Prohibits a contract for health studio services from (1) requiring payments or financing to exceed the term of the contract or (2) contracts terms exceeding three years, as specified (CIV § 1812.84(a))

5) Authorizes a consumer to cancel a contract for health studio services in person, via email from an email address on file with the health studio, or via first-class mail anytime cancelation is authorized by the health studio contracts laws. (CIV § 1812.85(b)(1))

6) Prohibits a contract for health studio services from requiring payment by the person receiving the services or the use of the facilities of a total amount in excess of $4,400, inclusive of initiation or initial membership fees and exclusive of interest or finance charges. (CIV § 1812.86)

7) Makes any contract for health studio services entered into in reliance upon any willful and false, fraudulent, or misleading information, representation, notice or advertisement of the seller void and unenforceable. (CIV § 1812.92)

THIS BILL:

1) Exempts a contract for health studio services with a multiservice health club studio from the $4,400 payment limit.

2) Defines “multiservice health club studio” as a studio that offers three or more of the following amenities:

   a) Digital platform services, such as on-demand classes.

   b) Individualized training programing.

   c) Fitness instructor training or certification.

   d) Recurring group fitness classes.

   e) Coworking space.

   f) Childcare.

   g) Swimming pool or pools.

   h) Steam room.

   i) Laundry services.

   j) Onsite food and beverage.

   k) Spa treatments.

   l) Adult or youth sports programming.

   m) Locker rooms.

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

COMMENTS:

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

> Asm. Boerner is pleased to author [this bill], a bill that will provide consumers more wellness options. This bill will establish a definition for a "multiservice health club studio”, updating a law on fees that has not been updated since 2005. The fitness and wellness industry has evolved significantly since that time. [This bill] would remove the current cap on annual fees for health studios that go above and beyond with their services. This would allow California consumers to engage world-class facilities with prices set by natural market competition, while remaining protected under previously established consumer protection laws and standard oversight for traditional gyms.

Background. California contract law provides protections for consumers of services provided by gyms, studios, and other fitness settings. Specifically, the purpose of the protections as they relate to health studio and gyms "is to safeguard the public against fraud, deceit, and financial hardship, and to foster and encourage fair dealing, and prosperity in the field of health studio services by prohibiting or restricting false or misleading advertising, onerous contract terms, harmful financial practices, and other unfair, dishonest, deceptive, destructive, unscrupulous, fraudulent, and discriminatory practices by which the public has been injured in connection with contracts for health studio services" (CIV § 1812.80).

Specific protections include limiting the maximum amount that can be charged under any given health studio contract to $4,400, limiting the length of health studio contracts to three years, and limiting a health studio's ability to force buyers to sign waivers and indemnity clauses. It also provides buyers with three times the amount of actual damages (treble damages) and reasonable attorney fees when health studios violate the contract requirements.

This bill would exempt multi-service health studios, as defined, from the $4,400 contract limit. The sponsor's goal is to allow high value, boutique, or luxury gyms who offer services or combinations of services that are not offered by their standard counter parts to charge more under their contracts.

Other States. While other states maintain similar consumer contract protections in varying degrees and combinations, such as the three-year contract term limits, initiation fee caps, and cooling off periods, New York is the only other state that still maintains an overall contract maximum (New York General Business Law, § 623 (2025)). This bill is substantially similar to two New York bills, Senate Bill S8015 (amended as S8015A) and New York Assembly Bill A8638. Those bills are in committee for their 2025-2026 session.

Prior Related Legislation. AB 390 (Berman), Chapter 450, Statutes of 2021, required a business that makes an automatic renewal or continuous service offer to a consumer to provide the consumer with notice before the expiration of a free gift or trial, or temporary or promotional price, included with the offer, and requires these businesses to streamline the cancellation process in accordance with specified criteria.

AB 2810 (Eggman), Chapter 189, Statutes of 2016, required contracts for health studio services to allow a buyer to cancel the contract via first-class mail, via email from an email address on file, or in person.

SB 581 (Figueroa), Chapter 439, Statutes of 2005, would have first increased the $1,000 limit to $3,000, including initiation or membership fees, until January 1, 2010, then increased the limit to $4,400, including the fees.

AB 558 (Correa) of 2003 would have first increased the $1,000 limit to $3,000, including initiation or membership fees, until January 1, 2009, then increased the limit to $4,400. *AB 558 died on the Senate inactive file.*

AB 356 (Correa) of 2002 would have: increased the $1,000 limit on health studio contracts from to $2,000 per person, inclusive of initiation fees, but exclusive of interest, finance charges, and payments for optional services; after January 1, 2005, adjusted the $2,000 limit for on cost-of-living; exempted studios from the $2,000 limit if the health studio operator established and maintained a bond of at least $300,000 per operator; and required any health studio opening on

or after January 1, 2003, to maintain a bond of $250,000 for a period of 5 years. *AB 356 died after rereferral to the Senate Rules Committee.*

AB 357 (Correa) of 2001, among other things, would have increased the $1,000 contract limit to $2,500. *AB 357 was vetoed by Governor Davis, writing:*

> Although this bill may provide health studios with greater flexibility in providing a variety of services to their customers, I am concerned that this bill will permit health club studios to increase fees by up to 150%. I would be willing to consider a bill that raises the $1,000 limit on contracts, but only if it truly adds meaningful consumer protections such as a lower threshold for pro-rated refunds and a reasonable limitation on nonrefundable initiation fees.

SB 1744 (Murray) of 2000 would have exempted a health studio from the $1,000 contract limit if it maintained a $500,000 bond during the first 10 years of operations. *SB 1744 was vetoed by Governor Davis, writing:*

> I understand that this bill would provide health studios with greater flexibility in providing a variety of services to their customers. However, I am not convinced that this bill would continue to ensure consumer protections against excessive fees charged by these studios. Additionally, the requirements that health studios maintain a $500,000 surety bond for the ten years that they are in operation appear to be excessive. This provision could adversely impact smaller health clubs and force them to go out of business. Finally, this bill would place unnecessary limitations on health studio businesses operating in California, and would impose unwarranted government regulation on industry.

AB 2166 (Young), Chapter 651, Statutes of 1980, among other things, increased the contract limit to $1,000, exclusive of interest or finance charges.

AB 506 (Z'berg), Chapter 1675, Statutes of 1961, established the laws regulating contracts for health or dance studio services and set the contract limit at a total of $500.

ARGUMENTS IN SUPPORT:

Equinox (sponsor) writes in support:

> [This bill] appropriately recognizes that today's health club market serves a wide range of customers, and that an outdated statutory cap that was designed for a very different era should not apply to modern, multi-service, luxury health clubs. This bill is about respecting consumer choice and allowing the market to meet those diversified needs. In this context, rigid "one-size fits all" fee caps are no longer necessary to protect consumers.
>
> Moreover, the original consumer protection intent of the law is currently reinforced by modern safeguards. California maintains some of the strongest auto-renewal and consumer transparency laws in the nation, and today's consumers are more empowered than ever to manage subscriptions and make informed purchasing decisions. Nothing about [this bill] changes this.

The *Health & Fitness Association* writes in support, "Without a targeted exemption for multiservice facilities, the outdated cap forces high-value health clubs into a legal grey area, discourages capital investment in premium fitness infrastructure, and ultimately limits consumer access to the kind of comprehensive, medically adjacent wellness services that California communities deserve. [This bill] addresses this problem directly by carving out a carefully defined category of facility — one that offers three or more distinct amenities — and exempting those facilities from a price cap that was never designed with them in mind."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

IMPLEMENTATION ISSUES:

Exemption Precision. The recent author amendments, which are modeled after a pair of bills pending in the New York Legislature, clarified the types of services that count for an exemption under this bill. However, there may still be combinations of three or more of the listed amenities that could apply to regular clubs and gyms. For example, the combination of a swimming pool, locker room, and sports programming (swim team), is very common at the YMCA. The author and sponsor may wish to continue to refine the services to capture the high value or luxury segment that is intended to be exempted.

REGISTERED SUPPORT:

Equinox (sponsor)
Health & Fitness Association

REGISTERED OPPOSITION:

There is no opposition on file.

Analysis Prepared by: Vincent Chee / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2532 (Irwin) – As Amended April 6, 2026

SUBJECT: Cannabis: labels, packaging, and manufacturing.

SUMMARY: Requires edible cannabis products and cannabis beverages to include the toll-free telephone number for the national Poison Help line on their labels and inserts and prohibits cannabis beverages from exceeding 10 milligrams tetrahydrocannabinol (THC) per container.

EXISTING LAW:

1) 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. (Business and Professions Code (BPC) §§ 26000 *et seq.*)

2) Establishes the Department of Cannabis Control (DCC) within the Business, Consumer Services, and Housing Agency for purposes of administering MAUCRSA. (BPC § 26010)

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

4) Requires cannabis or cannabis products purchased by a customer to be placed in an opaque package prior to leaving a licensed retail premises. (BPC § 26070.1)

5) Requires cannabis and cannabis products to be labeled and placed in a tamper-evident, child-resistant package prior to delivery or sale. (BPC § 26120(a))

6) Prohibits cannabis and cannabis product packages and labels from being made to be attractive to children. (BPC § 26120(b))

7) Requires all cannabis and cannabis product labels and inserts to include, among other specified information, the following statement prominently displayed in a clear and legible fashion, with the statement relating to intoxication delay limited to cannabis products:

> GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.

(BPC § 26120(c))

8) Provides that only generic food names may be used to describe the ingredients in edible cannabis products. (BPC § 26120(d))

9) Allows for cannabis beverages to be packaged in containers that are clear or any color. (BPC § 26120(e))

10) Requires the DCC to regularly reevaluate its labeling regulations to determine whether additional warnings are necessary to reflect evolving science regarding the risks that cannabis use may cause consumers. (BPC § 26121)

11) Requires the DCC to establish standards for the manufacturing, packaging, and labeling of all manufactured cannabis products. (BPC § 26130(a))

12) Requires edible cannabis products to be all of the following:

    a) Not designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

    b) Produced and sold with a standardized concentration of cannabinoids not to exceed 10 milligrams THC per serving.

    c) Delineated or scored into standardized serving sizes if the cannabis product contains more than one serving and is an edible cannabis product in solid form.

    d) Homogenized to ensure uniform disbursement of cannabinoids throughout the product.

    e) Manufactured and sold under sanitation standards established by the DCC that are similar to the standards for preparation, storage, handling, and sale of food products.

    f) Provided to customers with sufficient information to enable the informed consumption of the product, including the potential effects of the cannabis product and directions as to how to consume the cannabis product, as necessary.

    g) Marked with a universal symbol, as determined by the DCC through regulation.

    h) Prohibits edible cannabis products from being designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

    (BPC § 26130(C))

13) Provides that standards for the production, packaging, and labeling of all cannabis products developed by the DCC apply to all licensed manufacturers, microbusinesses, and nonprofits, unless otherwise specified by the DCC. (BPC § 26131)

14) Prohibits a cannabis licensee from including on the label of any cannabis or cannabis product or publishing or disseminating advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects on health of cannabis consumption. (BPC § 26154)

THIS BILL:

1) Requires the labels and inserts for edible cannabis products and cannabis beverages to include the toll-free telephone number for the national Poison Help line.

2) Prohibits cannabis beverages from exceeding a total of 10 milligrams THC per container.

3) Exempts medicinal tinctures from the 10 milligram THC maximum.

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:

> The recent audit completed by the State Auditor confirmed what many have long recognized: California's cannabis industry continues to package and market products in ways which are overtly attractive to children. Since the passage of Proposition 64, child cannabis poisonings have increased dramatically. These exposures are often driven by cannabis product packaging that uses features which are explicitly attractive to children, leading children to consume the products unintentionally. Young children who accidentally consumer cannabis require poison control treatment consistently, and in many cases they can also expose their fellow elementary and middle school peers to cannabis. AB 2532 codifies a recommendation from the auditor to limit the amount of THC in one cannabis beverage to 10 mg, which is one serving of THC. The bill also requires cannabis packages to include the phone number for the national poison control center, ensuring that this critical resource is readily available in the event of a potentially life-threatening cannabis poisoning.

Background.

Brief History of Cannabis Regulation in California. Consumption of cannabis was first made lawful in California in 1996 when voters approved Proposition 215, 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. 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.

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 may establish their own ordinances to regulate cannabis activity, or choose to ban cannabis establishments altogether.

Not long after the Legislature enacted MCRSA, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). The passage of the AUMA legalized cannabis for non-medicinal adult use in a private home 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 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 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 2021, the Department of Finance released trailer bill language to create a new department 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.

Labeling Requirements for Cannabis Packaging. Language enacted as part of the original MCRSA legislation in 2015 set strict standards for cannabis packaging and labeling, including the inclusion of specific cautionary statements. Proposition 64 then recodified nearly identical language for its own mandated label content, with a handful of minor variations reconciled when SB 94 merged MCRSA and the AUMA into MAUCRSA. Under current law, all cannabis product labels must display the following statement in a clear and legible fashion, in bold print:

> *GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.*

In addition to the above statement, MAUCRSA requires certain factual information about the product's ingredients and contents to be listed, as well as information associated with a unique identifier for purposes of identifying and tracking the cannabis goods. MAUCRSA also requires the DCC to set its own additional requirements for cannabis packaging and labeling. Regulations promulgated by the DCC have set additional labeling standards. For example, all required labels must be "unobstructed and conspicuous" in at least 6 point type size, and must be written in English. Additional language is required for specific product types; for example, the primary panel of an edible cannabis product must include the phrase "cannabis infused" in bold type and a text size larger than the text size used for the identity of the product.

MAUCRSA explicitly prohibits cannabis and cannabis product packaging and labeling from being made to be attractive to children. The DCC's regulations specifically prohibit cannabis goods labeling from containing content that is, or designed to be, attractive to individuals under the age of 21 using the same criteria as provided for advertising restrictions. This includes a ban on labeling that uses depictions of minors, cartoons, candy packaging, or other images popularly used to advertise to children.

In August 2025, the California State Auditor (CSA) released an audit of the DCC's enforcement of laws prohibiting cannabis products from being advertised, marketed, or labeled in a manner that is attractive to children. The CSA report determined that "state law and DCC's regulations about design elements that are attractive to children are unspecific, leading to subjective and sometimes inconsistent determinations of whether cannabis product packaging is compliant."[1] On February 17, 2026, the Joint Legislative Audit Committee and the Assembly Committee on Business and Professions held a joint hearing on the CSA report and received a presentation from the State Auditor's office, which included the discussion of recommendations made by the CSA in its report.

In addition to prohibitions against cannabis product packaging and labeling from being attractive to children, the DCC's regulations also prohibit the labeling on cannabis goods from containing statements that are potentially deceptive or false. Specifically, current regulations prohibit "any health-related statement that is untrue or misleading" and require the following:

> Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.

In 2023, the California Cannabis Industry Association sponsored SB 540 (Laird), which required the DCC to regularly reevaluate its existing regulations to determine whether to establish new labeling requirements on packaging for cannabis goods. In addition to all the information currently required for cannabis labels, including the warning statement mandated under MAUCRSA, SB 540 required the DCC to consider adding additional warnings that are necessary to reflect evolving science regarding the risks that cannabis use may cause consumers. The first reevaluation were required to take place on or before July 1, 2025, and additional reevaluations are required every five years beginning January 1, 2030.

SB 540 additionally required the DCC to create an educational brochure, in consultation with the California Department of Public Health, aimed at further educating consumers about the health effects and risks of cannabis use. The brochure includes information about the pharmacological effects of cannabis use, as well as information about the implications and risks associated with high potency cannabis products and the potential for THC to exacerbate certain mental health conditions. SB 540 specified that the review of the brochure be done in conjunction with the DCC's review of its labeling regulations. As of March 1, 2025, every cannabis retailer must prominently display the brochure at the point of sale or final delivery in person, and online at time of online purchase.

---

[1] California State Auditor. *Department of Cannabis Control: Unclear Rules and Insufficient Enforcement Hamper Its Ability to Identify Packaging That Is Attractive to Children.* Report No. 2024-105, August 2025.

This bill would add to the information that must be included on labels and inserts by additionally requiring the toll-free telephone number for the national Poison Help line to be included for edible cannabis products and cannabis beverages. The CSA audit reported that since 2016, there has been a 469 percent increase in the total number of calls to the California Poison Control System related to cannabis ingestion among children age five and younger, from 148 calls in 2016 to 842 calls in 2023. The author believes that displaying the national Poison Help line on cannabis products will help ensure that this resource is readily available in the event of a potentially life-threatening cannabis poisoning.

Cannabis Beverages. Manufactured cannabis products are essentially finished goods containing cannabis that include ingredients or materials beyond the cannabis plant itself. This includes edible cannabis products. MAUCRSA specifically requires that edible cannabis products be all of the following:

a) Not designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

b) Produced and sold with a standardized concentration of cannabinoids not to exceed 10 milligrams THC per serving.

c) Delineated or scored into standardized serving sizes if the cannabis product contains more than one serving and is an edible cannabis product in solid form.

d) Homogenized to ensure uniform disbursement of cannabinoids throughout the product.

e) Manufactured and sold under sanitation standards established by the DCC that are similar to the standards for preparation, storage, handling, and sale of food products.

f) Provided to customers with sufficient information to enable the informed consumption of the product, including the potential effects of the cannabis product and directions as to how to consume the cannabis product, as necessary.

g) Marked with a universal symbol, as determined by the DCC through regulation.

MAUCRSA defines “edible cannabis product” as a cannabis product that is intended to be used, in whole or in part, for human or animal consumption, including chewing gum. This definition was originally intended to capture both solid edibles (such as cookies or gummies) as well as liquid edibles (cannabis beverages). However, representatives of the cannabis beverage industry pointed out that many of the requirements and proposals for cannabis edibles generally do not necessarily make sense for liquid beverages, and suggested that cannabis beverages should be distinctly regulated from other edible manufactured products.

In 2022, the California Beverage Association sponsored AB 2155 (Villapudua), which distinctly defined “cannabis beverage” as a form of edible cannabis product that is intended to be consumed in its final state as a beverage. The bill did not exempt cannabis beverages from any existing requirements for manufactured cannabis products or edibles, nor did it create any new requirements for cannabis beverage manufacturers. However, by adding a specific definition for cannabis beverages, the intent was to provide an additional framework for future proposals to be enacted with more specificity toward the beverage industry.

The CSA report included a number of findings specific to cannabis beverages. While all edible cannabis products are prohibited from exceeding 10 milligrams THC per serving, the CSA report noted that cannabis beverages often contained a significant amount of THC per container. The CSA report stated:

> Cannabis beverages contain multiple 10 mg servings of THC. For example, a four-ounce cannabis beverage packaged like an energy shot could have 100 mg THC even though the maximum single-serving dose is 10 mg THC. We observed cannabis beverage containers packaged in a way that provided no reasonable way to measure each serving. This packaging could be particularly dangerous for children because they may not stop consuming the beverage after drinking one-tenth of, for example, a 12-ounce can of cannabis-infused soda.

The CSA report pointed out that the high amount of total THC per cannabis beverage was especially problematic when ingested by children. The CSA noted that other jurisdictions have specific limits related to cannabis beverages. Five of the six beverages reviewed by the CSA were determined to contain a total of 100 milligrams THC—10 servings of 10 milligrams THC each—and the CSA reported that it "could not identify guidance on the packaging that would allow a consumer to easily measure a single serving size. For example, one product included marks on the exterior of the can noting 10 equal servings; however, the can was opaque, making it difficult to know how much the consumer had actually drunk."

The CSA report recommended that the Legislature consider requiring easy understanding and measurement of serving sizes, such as through an included measuring device, in a manner similar to other states like Washington. The CSA further recommended that the Legislature consider establishing a cap on the amount of THC in one cannabis beverage container to 10 milligrams. This bill would effectuate the latter recommendation, while making an exception for medicinal tinctures.

Current Related Legislation. AB 2249 (Irwin) would establish a definition of "attractive to children" for purposes of prohibited advertising, marketing, packaging, and labeling of cannabis and cannabis products; require the DCC to produce a standardized rubric for determining whether cannabis products are attractive to children; and require the DCC to establish a process for licensees to request a written determination of whether a proposed packaging or labeling of a cannabis product is attractive to children. *This bill is pending in this committee.*

Prior Related Legislation. SB 540 (Laird) Chapter 491, Statutes of 2023 required the DCC to regularly reevaluate its regulations and determine whether additional warning labels are necessary to reflect evolving science regarding the risks of cannabis use and to create a brochure that includes steps for safer use of cannabis.

AB 1207 (Irwin) of 2023 would have placed additional restrictions on the advertising, marketing, packaging, and labeling of cannabis and cannabis products. *This bill was vetoed by the Governor.*

AB 2155 (Villapudua), Chapter 33, Statutes of 2022 defined "cannabis beverage" for purposes of MAUCRSA.

SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017 combined AUMA and MCRSA into a unified system for the regulation of cannabis, MAUCRSA.

ARGUMENTS IN SUPPORT:

Public Health Institute (PHI) supports this bill, writing: "100 mg is a dangerous dose. NIH defines a cannabis reference dose as 5 mg of tetrahydrocannabinol (THC), the psychoactive ingredient. The State of California defines an edible serving as not to exceed 10 mg, and no more than 100 mg per package, but requires doses to be clearly delineated. Canada allows no more than 10 mg THC total per package. Yet our legal market is rife with widely sold 100mg THC beverages often sold in fruit-flavored 2 ounce shots with bright colors and cartoons." PHI further writes that the bill is "a simple, common sense provision to protect consumers and reduce preventable emergency room visits, car crashes, psychotic and panic episodes and other harms."

ARGUMENTS IN OPPOSITION:

A coalition letter signed by *Pabst Lab*s and other representatives of the cannabis industry oppose this bill, writing: "While we share the Legislature's commitment to protecting public health and preventing youth access, this bill's proposed 10mg THC per-package cap on cannabis beverages would have severe and immediate unintended consequences that far outweigh any purported public health benefit." The coalition letter further states: "California has built one of the most highly regulated cannabis markets in the world. Just months after directing intoxicating cannabinoid products into the regulated cannabis market, the state is now proposing to eliminate the very category best positioned to absorb them. Policies that eliminate legal products, reduce tax revenue, and push consumers into the illicit market do not improve safety. They undermine the entire system."

POLICY ISSUE(S) FOR CONSIDERATION:

Restrictions on Cannabis Beverages. While edible cannabis products are generally subject to a 10 milligram THC cap per serving, Proposition 64 did not establish a maximum number of servings per package or container. MAUCRSA requires that edible cannabis products in solid form be delineated or scored into standardized serving sizes if the cannabis product contains more than one serving. However, there is no similar requirement for cannabis beverages, despite the fact that some form of clearer delineation of servings within a container could conceivably be implemented. The author may wish to consider this alternative approach to addressing safe consumption of cannabis beverages prior to prohibiting products containing multiple servings per container.

AMENDMENTS:

1) To allow for cannabis beverages to contain multiple servings of up to 10 milligrams THC, while establishing safeguards to ensure consumers are able to distinguish individual servings within a container, strike the current language in Section 2 of the bill and instead amend subdivision (c) of Section 26130 of the Business and Professions Code as follows:

   (c) Edible cannabis products shall be:

   (1) Not designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain cannabis.

   (2) Produced and sold with a standardized concentration of cannabinoids not to exceed 10 milligrams tetrahydrocannabinol (THC) per serving.

(3)(A) Delineated or scored into standardized serving sizes if the cannabis product contains more than one serving and is an edible cannabis product in solid form.

(B) If the cannabis product is a cannabis beverage containing more than one serving, at least part of the product container shall be clear or semitransparent to visibly display the amount of liquid remaining within the container, and the container shall feature unobstructed and conspicuous lines delineating individual serving or portion sizes based on the level of liquid remaining within the container.

(4) Homogenized to ensure uniform disbursement of cannabinoids throughout the product.

(5) Manufactured and sold under sanitation standards established by the department that are similar to the standards for preparation, storage, handling, and sale of food products.

(6) Provided to customers with sufficient information to enable the informed consumption of the product, including the potential effects of the cannabis product and directions as to how to consume the cannabis product, as necessary.

(7) Marked with a universal symbol, as determined by the department through regulation.

2) To require the labels of cannabis beverages containing multiple serving to provide additional information to consumers, amend Section 1 of the bill to add a new paragraph to subdivision (c) of Section 26120 of the Business and Professions Code as follows:

For a cannabis beverage containing more than one serving, the label shall clearly and conspicuously, in print, provide a notice to the consumer that the product contains multiple servings and information regarding how to accurately measure a single serving for consumption.

3) To prohibit manufacturers and retailers from advertising or marketing cannabis beverages containing multiple servings in a manner that encourages immediate consumption of the entire container, amend Section 26152 of the Business and Professions Code to add a new subdivision (i) to prohibit a person engaged in commercial cannabis activity from doing the following:

Advertise or market cannabis beverages containing multiple servings as single-serve products or otherwise encourage consumption of multiple servings within a cannabis beverage at on time.

REGISTERED SUPPORT:

Public Health Institute
Youth Forward

REGISTERED OPPOSITION:

California Cannabis Industry Association
California Cannabis Operators Association
California NORML
California Statewide Law Enforcement Association
Cannabis Distribution Association

Catalyst
Embarc
Highlands Dispensary
Kiva Brands
Nabis
Pabst Labs
Sorse Technology
Spacestation Beverage
Stiiizy
Uncle Arnie's

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

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2537 Chen – As Amended April 9, 2026

SUBJECT: Cannabis Enforcement Accountability and Public Health Prioritization Act of 2026.

SUMMARY: Requires the Department of Cannabis Control (DCC) to prioritize its enforcement and disciplinary actions based on the seriousness of a violation, develop a policy pursuant to those priorities, and include specified enforcement data points in its annual activities report.

EXISTING LAW:

1) Regulates the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medicinal and adult-use cannabis under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) and establishes the DCC to administer and enforce the act. (Business and Professions Code (BPC) §§ 26000-26260)

2) Prohibits a person or entity from engaging in commercial cannabis activity without a state license issued by the DCC. (BPC § 26037.5)

3) Establishes 20 types of cannabis licenses, including subtypes, for cultivation, manufacturing, testing, retail, distribution, and microbusiness. (BPC § 26050)

4) Lists the following grounds for license disciplinary action, which is not exhaustive:

    a) Failure to comply with the provisions of this division or any rule or regulation adopted pursuant to this division. (BPC § 26030(a))

    b) Conduct that generally constitutes grounds for denial or discipline of a license of a license for licensing boards. (BPC §§ 26030(b); 480-489; 490-494.6)

    c) Any other grounds contained in regulations adopted by the DCC. (BPC § 26030(c))

    d) Failure to comply with any state law including, but not limited to, the payment of taxes as required under the Revenue and Taxation Code, except as provided. (BPC § 26030(d))

    e) Knowing violations of any state or local law, ordinance, or regulation conferring worker protections or legal rights on the employees of a licensee. (BPC § 26030(e))

    f) Failure to comply with the requirement of a local ordinance regulating commercial cannabis activity. (BPC § 26030(f))

    g) The intentional and knowing sale of cannabis or cannabis products by an A-licensee to a person under 21 years of age. (BPC § 26030(g))

    h) The intentional and knowing sale of medicinal cannabis or medicinal cannabis products by an M-licensee to a person without a physician's recommendation. (BPC § 26030(h))

    i) Failure to maintain safe conditions for inspection by the DCC. (BPC § 26030(i))

j) Failure to comply with any operating procedure submitted to the DCC in the application process. (BPC § 26030(j))

k) Failure to comply with license conditions established for cultivation. (BPC § 26030(k))

5) Authorizes the DCC to issue a citation to a licensee or unlicensed person for violating MAUCRSA or DCC regulations; authorizes administrative fines of up to $5,000 per violation by a licensee and up to $30,000 per violation by an unlicensed person; and requires the DCC in assessing a fine to give due consideration to the appropriateness of the amount of the fine with respect to factors the DCC determines to be relevant, including: (1) the gravity of the violation by the licensee or person, (2) the good faith of the licensee or person, and (3) the history of previous violations. (BPC § 26031.5(a))

6) Authorizes the DCC to suspend, revoke, place on probation with terms and conditions, or otherwise discipline licenses issued by the DCC and fine a licensee, after proper notice and hearing to the licensee, if the licensee is found to have committed any of the acts or omissions constituting grounds for disciplinary action. (BPC § 26031)

7) Establishes various civil penalties for unlicensed commercial cannabis activity, including civil penalties of up to three times the amount of the relevant license fee for each violation. (BPC § 26038(a)(1))

8) Requires the DCC, by March 1 of each year, to prepare and submit to the Legislature an annual report on the DCC's activities, post the report on the DCC website, and include in the report specified licensing and enforcement information for the previous fiscal year. (BPC § 26200)

THIS BILL:

1) Creates the Cannabis Enforcement Accountability and Public Health Prioritization Act of 2026.

2) Defines the following:

a) "Enforcement prioritization policy" means an enforcement framework that aligns the DCC's regulatory oversight, investigations, inspections, and enforcement and disciplinary actions pursuant to MAUCRSA with the level of risk of harm.

b) "Minor violation" means a technical or administrative violation of this division and applicable regulations that creates a negligible risk of harm.

c) "Moderate violation" means a violation of MAUCRSA and applicable regulations that creates a risk of harm and includes, but is not necessarily limited to falsification of testing results, track and trace data, or required regulatory documentation.

d) "Risk of harm" means conduct, practices, or conditions that create a reasonably foreseeable risk of significant harm to public health, public safety, environmental protection, workplace safety, or the integrity of the licensed market, including, but not limited to, any of the following: are reasonably expected to do any of the following:

i) Interfere with enforcement of any state law.

ii) Involve false, misleading, or deceptive business practices.

iii) Adversely affect the public or environment.

e) "Serious violation" means a violation of this division and applicable regulations that creates a serious or significant risk of harm and includes, but is not necessarily limited to, the following:

i) Unlicensed persons engaging in the retail sale or delivery of cannabis, cannabis products, or synthetic cannabinoids to customers or children.

ii) Unlicensed persons engaging in the distribution or manufacture of synthetic cannabinoids.

iii) Unlicensed persons engaging in the cultivation or manufacture of cannabis, cannabis products, or synthetic cannabinoids where the activity results in significant degradation of water resources, public lands, or wildlife habitat.

iv) Unlicensed persons engaging in commercial cannabis activity not otherwise described in subparagraphs (A) to (C), inclusive.

v) Licensees diverting cannabis or cannabis products to unlicensed persons.

vi) Licensees inverting cannabis or cannabis products from unlicensed persons into the licensed market.

vii) Licensees engaging in the manufacture, distribution, or sale of synthetic cannabinoids.

viii) Licensees engaging in the distribution or sales of cannabis or cannabis products to children or that are marketed or packaged in a manner attractive to children.

ix) Manufacture, distribution, or sales of cannabis or cannabis products that are adulterated or misbranded in a manner likely to cause illness or bodily injury.

x) Degradation of water resources, public lands, or wildlife habitat.

xi) Repeated or intentional violations of laws or regulations related to workplace safety or wage protections.

3) Requires the DCC to prioritize regulatory oversight, investigations, inspections, and enforcement and disciplinary actions in a manner consistent with an enforcement prioritization policy based on the following categories, which are listed in order from highest to lowest:

a) Serious violations.

b) Moderate violations.

c) Minor violations.

4) Requires the DCC to adopt and publish an enforcement prioritization policy consistent with this section that does all of the following:

   a) Ensures personnel and resources are allocated in a manner consistent with the DCC's enforcement prioritization.

   b) Establishes risk-based enforcement categories.

   c) Provides for documentation of enforcement actions involving all violations.

5) Prohibits the DCC's disciplinary framework or guidelines for disciplinary action from conflicting with the priorities established pursuant to the provisions of this bill.

6) Clarifies that the prioritization requirement does not limit the DCC's authority to enforce MAUCRSA and applicable regulations.

7) Requires the DCC to include the following information in its annual report in relation to the violation severity categories established under this bill:

   a) The number and geographic distribution of investigations opened and closed.

   b) The number and geographic distribution of inspections conducted.

   c) The number and geographic distribution of enforcement actions conducted.

   d) The number and geographic distribution of court petitions filed against unlicensed persons.

   e) The number and geographic distribution of injunctions or other appropriate orders restraining unlicensed persons.

   f) The number, geographic distribution, and dollar amount of citations issued and collected against unlicensed persons.

   g) The number, geographic distribution, and dollar amount of civil penalties imposed and collected against unlicensed persons, persons aiding and abetting unlicensed commercial cannabis activity, and specified owners or managers of property used for unlicensed commercial cannabis activity.

8) Makes various legislative findings and declarations.

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

COMMENTS:

Purpose. This bill is sponsored by the *California Cannabis Operator's Association*. According to the author:

> [This bill] strengthens California's cannabis enforcement framework by directing regulators to prioritize violations that pose meaningful risks to public health, safety, and market integrity. It… requires the Department of Cannabis Control

(DCC) to implement a risk-based enforcement approach that focuses resources on the most serious violations while maintaining full regulatory authority over all violations.

Background. The Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which incorporates prior cannabis laws, authorizes a person who obtains a state license under MAUCRSA to engage in commercial adult-use cannabis activity under that license and any applicable local ordinances. The DCC is the state agency that licenses and regulates commercial cannabis activity. Specifically, the DCC regulates:

1) Growing of cannabis plants.

2) Manufacture of cannabis products.

3) Transportation and tracking of cannabis goods throughout the state.

4) Sale of cannabis goods.

5) Events where cannabis is sold or used.

6) Labeling of goods sold at retail.

Enforcement. The DCC overarching directive is to protect the public from the harms of unregulated cannabis. It does so by enforcing the requirements of MAUCRSA. To that end, its primary enforcement function is ensuring licensee compliance with licensing and other regulatory requirements. The DCC is also tasked with deterring unlicensed activity. However, because it is not a law enforcement entity, it must work with state and local law enforcement to investigate and prosecute the more severe violations in the unlicensed market.

License Discipline. As the issuer of cannabis licenses, the DCC has direct authority to regulate and take action against the holders of the license. The administrative actions the DCC can take include warnings, citations, fines, orders of abatement. It can also take formal disciplinary action of a license, including probation, suspension, and ultimately revocation. The DCC has promulgated regulations and a document titled *Disciplinary Guidelines for all Commercial Cannabis Licenses* (amended July 2022) to inform licensees of the process and to standardize enforcement actions and outcomes. This bill aims to incentivize the DCC to utilize its limited workload to prioritize the more severe violations.

Unlicensed Market. Regulators and stakeholders continue to raise significant concerns over cannabis operations that do business outside of the regulatory scheme. They can avoid fees and taxes while competing with lawful businesses. They also create the potential for consumer and environmental harm, avoiding testing and agricultural requirements.

Normally, licensing agencies regulate problematic licensed and unlicensed activity by imposing administrative penalties against an existing license (the strongest of which is revocation of the license), or by withholding the issuance of a license until any problems or deficiencies are addressed. However, the difficulty in regulating unlicensed businesses that do not plan to obtain a license, including unlicensed cannabis businesses, is that there is no incentive to comply with the administrative penalties because the license is irrelevant to them.

As a result, MAUCRSA includes various civil penalties that are sought in court and are not tied to the licensing process, which can be brought by the DCC, the Attorney General, or local public attorneys. There are individual penalties of up to three times the amount of the required license fee (which vary based on gross annual revenue, up to $300,000 for a microbusiness with gross annual revenue of $80,000,000). There are also civil penalties of up to $30,000 per day of operation for aiding and abetting unlicensed cannabis activity, which means a person encouraged, aided, or facilitated, the activity (not just mere knowledge of the activity). The sponsor notes that another aim of this bill is to ensure the DCC dedicates sufficient resources towards the deterrence and prosecution of unlicensed activity.

Current Related Legislation. AB 1826 (Lackey) would make various changes to the DCC's enforcement process, including authorizing licensees to engage in a "meet and confer" with DCC staff during the enforcement process; modifying DCC enforcement procedures; modifying enforcement notice requirements; limiting the use of liability waivers during settlements between the DCC and licensees; and adding an "administrative error" category of licensee violations. *AB 1826 is pending in this Committee*.

ARGUMENTS IN SUPPORT:

The *California Cannabis Operators Association* (sponsor) writes in support:

> The scale of California's illicit market underscores the urgency of prioritizing enforcement resources where they will have the greatest impact. Recent analysis commissioned by the Department of Cannabis Control (DCC) indicates that the majority of cannabis consumed in California is still supplied by the illicit market.
>
> In the California Cannabis Market Outlook, researchers estimate that only about 40% of cannabis consumed in California is supplied through the licensed market, while roughly 60% remains attributable to illicit production and sales. Of the approximately 3.8 million pounds of
>
> cannabis consumed annually in the state, only about 1.4 million pounds move through the licensed supply chain, leaving roughly 2.4 million pounds outside the regulated system.1
>
> This dynamic creates significant risks for public health, consumer safety, environmental compliance, and the viability of licensed businesses operating under California's rigorous regulatory framework.
>
> At the same time, licensed operators across the state have reported increasing concern regarding the allocation of enforcement resources. Over the past year, many operators have experienced enforcement actions, often referred to by the Department as "compliance actions," that appear focused on minor or highly technical compliance issues, including the reopening of previously resolved matters, notices issued weeks after inspections that initially yielded no violations, and corrective actions based on factual inaccuracies or inconsequential administrative issues. Addressing these matters often requires substantial time and financial resources for businesses already operating under significant financial strain.

In May 2025, a broad coalition representing a majority of California's licensed cannabis operators formally raised these concerns in correspondence to the DCC, urging the Department to reassess its compliance and enforcement strategies and refocus resources on the most pressing threats to public health and market integrity. These threats include diversion into and from the legal market, product safety and testing compliance, unlawful sales to minors, and illegal retail activity that undermines the state's regulated supply chain and associated tax revenue. When enforcement resources are finite, clear statutory direction regarding enforcement priorities becomes essential.

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

POLICY ISSUES FOR CONSIDERATION:

Violation Priorities. This bill categorizes violations in order of priority and risk of harm. However, there may be differences of opinion as to how the violations should be categorized. In addition, the interaction between these priorities and the violations listed as "grounds for discipline," to the extent that list is also intended to express priority under Proposition 64, may need to be clarified or reconciled. If this bill passes this Committee, the author and sponsor may wish to continue to work with interested parties to verify consensus on the categorization and interaction with existing laws.

IMPLEMENTATION ISSUES:

Drafting Clean-Up. The April 9, 2026, author's amendments updated the bill's structure and terminology to better align with the DCC's current regulations and disciplinary guidelines. Additional technical changes are needed to address syntax and terminology issues. Clarifying changes are recommended under the Amendments section of this analysis to address some of those issues.

AMENDMENTS:

1) To resolve circular definitions, address a severity mismatch with violations involving falsification, provide additional examples of a moderate violation, address the syntax issues in the definition of risk of harm related to conduct and conditions, combine the various examples of unlicensed activity into the catch-all, and reinforce the distinctions between negligence, repeated acts, and recklessness, and make other conforming and technical changes, amend the bill as follows:

   On pages 3-5, lines 37 to 7:

   (2) "Minor violation" means ~~a technical or administrative violation of~~ *conduct or conditions prohibited by* this division and applicable regulations that ~~creates~~ *create* a negligible risk of ~~harm.~~ *harm, including, but not limited to, technical or administrative violations.*

(3) "Moderate violation" means ~~a violation of~~ *conduct or conditions prohibited by* this division and applicable regulations that ~~creates~~ *create* a risk of ~~harm and includes, but is not necessarily~~ *harm, including, but not* limited to, the following:

(A) ~~Falsification of~~ *Negligent failure to maintain accurate* testing results, track and trace data, or required regulatory documentation.

(B) Negligent violation of laws related to workplace safety or wage protection.

(C) Manufacture, distribution, or sales of cannabis or cannabis products that are adulterated or misbranded in a manner unlikely to cause illness or bodily injury.

(4) "Risk of harm" means ~~conduct, practices, or conditions that are reasonably expected to do~~ *the likelihood of* any of the following:

(A) ~~Interfere~~ *Interference* with enforcement of any state law.

(B) ~~Involve false,~~ *False,* misleading, or deceptive business practices.

(C) Adversely ~~affect the public or environment.~~ *affecting the environment or the health, safety, or welfare of the public.*

(5) "Serious violation" means ~~a violation of~~ *conduct or conditions prohibited by* this division and applicable regulations that ~~creates~~ *create* a ~~serious or~~ significant risk of ~~harm and includes, but is not necessarily~~ *harm, including, but not* limited to, the following:

~~(A) Unlicensed persons engaging in the retail sale or delivery of cannabis, cannabis products, or synthetic cannabinoids to customers or children.~~

~~(B) Unlicensed persons engaging in the distribution or manufacture of synthetic cannabinoids.~~

~~(C) Unlicensed persons engaging in the cultivation or manufacture of cannabis, cannabis products, or synthetic cannabinoids where the activity results in significant degradation of water resources, public lands, or wildlife habitat.~~

~~(D)~~*(A)* Unlicensed persons engaging in commercial cannabis *activity.* ~~activity not otherwise described in subparagraphs (A) to (C), inclusive.~~

~~(E)~~*(B)* Licensees diverting cannabis or cannabis products to unlicensed persons.

~~(F)~~*(C)* Licensees inverting cannabis or cannabis products from unlicensed persons into the licensed market.

~~(G)~~*(D)* Licensees engaging in the manufacture, distribution, or sale of synthetic cannabinoids.

~~(H)~~*(E)* Licensees engaging in the distribution or sales of cannabis or cannabis products to children or that are marketed or packaged in a manner attractive to children.

~~(I)~~*(F)* Manufacture, distribution, or sales of cannabis or cannabis products that are adulterated or misbranded in a manner likely to cause illness or bodily injury.

~~(J)~~*(G)* Degradation of water resources, public lands, or wildlife habitat.

(H) Reckless or repeated failure to maintain accurate testing results, track and trace data, or required regulatory documentation.

~~(K)~~*(I)* ~~Repeated or intentional violations of laws or regulations~~ *Reckless or repeated violation of laws related* to workplace safety or wage protections.

2) Technical and conforming changes to the prioritization policy requirement:

(c) *(1)* In implementing this chapter, the department shall prioritize regulatory oversight, investigations, inspections, and enforcement and disciplinary actions in a manner consistent with an enforcement prioritization policy based on the following categories, which are listed in order from highest to lowest ~~level of risk of harm:~~ *priority:*

~~(1)~~ *(A)* Serious violations.

~~(2)~~ *(B)* Moderate violations.

~~(3)~~ *(C)* Minor violations.

~~(d)~~ *(2)* The department shall adopt and publish an enforcement prioritization policy ~~consistent with this~~ *to implement this* section that ~~does~~ *does, but is not limited to,* all of the following:

~~(1)~~ *(A)* Ensures personnel and resources are allocated in a manner consistent with ~~subdivision (c).~~ *the priority of violations in paragraph (1).*

~~(2)~~ *(B)* Establishes *the enforcement and disciplinary actions for each category of violation in paragraph (1).* ~~risk-based enforcement categories.~~

~~(3)~~ *(C)* Provides for documentation of enforcement actions involving all violations.

~~(e)~~ *(d)* The department's disciplinary framework or guidelines for disciplinary action shall not conflict with this section.

~~(f)~~ *(e)* This section does not limit the department's authority to enforce this division and applicable regulations.

REGISTERED SUPPORT:

California Cannabis Operators Association (sponsor)
California Cannabis Industry Association
Catalyst
Cannabis Distribution Association
CannaCraft

Catalyst Cannabis Co.
Good Farmers Great Neighbors
Kiva Brands
March and Ash
Mammoth
Nug
United Cannabis Business Association

REGISTERED OPPOSITION:

There is no opposition on file.

Analysis Prepared by: Vincent Chee / B. & P. / (916) 319-3301

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 2667 (Hadwick) – As Introduced February 20, 2026

NOTE: This bill is double referred and previously passed the Assembly Committee on Environmental Safety and Toxic Materials on a 7-0 vote.

SUBJECT: Vape products: household hazardous waste: advertising.

SUMMARY: Prohibits the sale of cannabis or tobacco vape products that conceal the nature of the vape product, use branding known to appeal to minors, or include interactive videogame capabilities; requires the Department of Toxic Substances Control (DTSC) to evaluate and make recommendations relating to the confiscation of vape products from students by schools; and authorizes household hazardous waste (HHW) collection facilities to disassemble vape products.

EXISTING LAW:

1) 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 California Department of Tax and Fee Administration (CDTFA). (Revenue and Taxation Code §§ 30001 *et seq.*)

2) 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.*)

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) 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). (Business and Professions Code (BPC) § 22952)

5) 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)

6) 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. (BPC §§ 22970 *et seq.*)

7) 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)

8) 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)

9) 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)

10) 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)

11) 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.*)

12) Establishes the Department of Cannabis Control (DCC) within the Business, Consumer Services, and Housing Agency for purposes of administering MAUCRSA. (BPC § 26010)

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

14) 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)

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

16) Requires cannabis and cannabis products to be labeled and placed in a tamper-evident, child-resistant package prior to delivery or sale. (BPC § 26120(a))

17) Prohibits cannabis and cannabis product packages and labels from being made to be attractive to children. (BPC § 26120(b))

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(f))

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) Requires the DCC to set packaging and labeling standards for manufactured cannabis products, including a requirement that products not be designed to be appealing to children or easily confused with commercially sold candy or other non-cannabis foods. (BPC § 26130)

21) Requires that all cannabis advertisements identify the license number of the licensee responsible for its content, requires any advertising or marketing by cannabis licensees placed in broadcast, cable, radio, print, and digital communications to only be displayed where at least 71.6 percent of the audience is reasonably expected to be 21 years of age or older, and requires any direct advertising or marketing by cannabis licensees to verify that the recipient is 21 years of age or older. (BPC § 26151)

22) Prohibits a person engaged in commercial cannabis activity from doing any of the following:

    a) Advertising or marketing in a manner that is false or untrue in any material particular, or that, irrespective of falsity, directly, or by ambiguity, omission, or inference, or by the addition of irrelevant, scientific, or technical matter, tends to create a misleading impression.

    b) Publishing or disseminating advertising or marketing containing any statement concerning a brand or product that is inconsistent with any statement on its labeling.

    c) Publishing or disseminating advertising or marketing containing any statement, design, device, or representation which tends to create the impression that cannabis or hemp originated in a particular place or region, unless the label of the advertised product bears an appellation of origin, and such appellation of origin appears in the advertisement.

    d) Advertising or marketing on a billboard or similar advertising device located on an Interstate Highway or on a State Highway which crosses the California border.

    e) Advertising or marketing cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products.

    f) Publishing or disseminating advertising or marketing that is attractive to children.

    g) Advertising or marketing cannabis or cannabis products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 to 12, inclusive, playground, or youth center.

    h) Publishing or disseminating advertising or marketing while the licensee's license is suspended.

    (BPC § 26152)

23) Requires the advertisement and marketing of an integrated cannabis vaporizer to provide specified statements about how to correctly dispose of those products. (BPC § 26152.1)

24) Authorizes the Attorney General, on behalf of the people, a city attorney, or a county counsel to bring and maintain an action for violations of cannabis advertising prohibitions. (BPC § 26152.2)

25) Exempts from the prohibition against advertising within 1,000 feet of a day care, school, playground, or youth center the placement of advertising signs inside a licensed premises that are not visible by normal unaided vision from a public place, provided that such advertising signs do not advertise cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. (BPC § 26155)

26) Requires a manufacturer, distributor, or seller of an industrial hemp product to follow packaging, labeling, and advertising laws applicable to cannabis businesses. (HSC § 111926)

27) Establishes the Hazardous Waste Control Law (HWCL) to authorize the DTSC to regulate the management of hazardous wastes in California. (HSC §§ 25100 *et seq.*)

28) Defines "hazardous waste" as waste, that, because of its quantity, concentration, or physical, chemical, or infectious characteristics:

    a) Causes, or significantly contributes to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness; or,

    b) Poses a substantial present or potential hazard to human health or the environment, due to factors including, but not limited to, carcinogenicity, acute toxicity, chronic toxicity, bio accumulative properties, or persistence in the environment, when improperly treated, stored, transported, disposed of, or otherwise managed.

    (HSC § 25141)

29) Defines "household hazardous waste" as hazardous waste generated incidental to owning or maintaining a place of residence, but does not include waste generated in the course of operating a business at a residence. (HSC § 25218.1)

30) Establishes that counties and cities will provide services for the collection of HHW and that the state will provide an expedited and streamlined regulatory structure to facilitate the collection of HHW. (HSC § 25218)

31) 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 (PRC) §§ 42420 *et seq.)*

32) Enacts the Electronic Waste Recycling Act of 2003 (EWRA), which establishes a program for consumers to return, recycle, and ensure the safe and environmentally sound disposal of video display devices, such as televisions and computer monitors that are hazardous waste when discarded. (PRC §§ 42460 *et seq.*)

THIS BILL:

1) Prohibits any person from marketing, promoting, labeling, branding, advertising, distributing, offering for sale, or selling a vape product in California by doing any of the following:

    a) Imitating a product that is not a vape product to conceal the nature of the vape product from parents, teachers, or other adults, including by imitating a food commonly marketed to minors or school supplies commonly used by minors or by constructing into clothing and accessories that could be marketed to minors.

    b) Using branding that is known to appeal to minors, including branding based on or depicting a character, personality, or symbol known to appeal to minors, including a character in a comic book, movie, television show, or videogame, or a mythical creature.

    c) Including interactive videogame capabilities within a vape product.

2) Authorizes a city, a county, a city and county, or the State of California to enforce the above prohibitions and impose civil liability of $1,000 for the first violation, $2,500 for the second violation, and $5,000 for the third and any subsequent violations; additionally authorizes the imposition of civil liability on a distributor $50,000 per violation.

3) Additionally provides that a violation of the above prohibitions is punishable as an infraction with a fine of not more than $500.

4) Requires the CDTFA to revoke or suspend a license to engage in the sale of cigarettes or tobacco product under the Cigarette and Tobacco Products Licensing Act of 2003 for a violation of the above prohibitions.

5) Requires the DCC to revoke or suspend a license issued under MAUCRSA for a violation of the above prohibitions.

6) Authorizes an enforcement agency that discovers that a tobacco retailer engaged in the sale of a prohibited vape product , to seize that product.

7) Requires the DTSC to evaluate opportunities to increase safety and convenience related to the management and disposal of vape pens and devices confiscated from students by a school and to identify any recommendations that require future legislative action.

8) Provides that the evaluation conducted by the DTSC shall ensure consistency with the federal Resource Conservation and Recovery Act of 1976.

9) Authorizes a permanent HHW collection facility to, after consultation with the certified unified program agency and the entity responsible for fire protection, mechanically disassemble vape pens and devices to separate batteries, valves, electronic components, and other parts containing liquids or gases, in a manner that does not result in the unauthorized release of hazardous materials.

10) Requires the disassembly of vape pens and devices to be described in the operation plan of the facility that is available for review by the certified unified program agency and included in a permit-by-rule application authorized by the certified unified program agency.

11) Provides that any personnel involved in the disassembly shall receive adequate training to ensure safe management and operations.

12) Defines “vape pen and device” as an electronic device that is powered by one or more removable or embedded batteries and that delivers solely, or a combination of, nicotine, cannabis, or other vaporized liquids to the person inhaling from the device, including, but not limited to, an electronic cigarette, cigar, pipe, hookah, or other delivery mechanism.

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

COMMENTS:

Purpose. This bill is sponsored by *Rural County Representatives of California*. According to the author:

Manufacturers are deceptively designing and marketing vapes to children. These vapes are disguised as everyday items, like school supplies or clothing. Some have features intentionally designed to increase dependency and addiction, like built-in video games. Schools are increasingly confiscating these vapes, yet they lack practical options to safely manage and dispose of them. Similarly, local household hazardous waste facilities receiving these vapes are unable to identify them and disassemble them, increasing costs and fire hazards. Assembly Bill 2667 cracks down on these dangerous devices by banning disguised and interactive vapes. It also gives schools and local governments the tools to safely manage and dispose of vape waste. This bill protects kids, supports schools, and ensures hazardous materials are handled responsibly.

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 EWRA establishes 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 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, 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. However, a lack of a uniform regulatory framework led to persistent problems across the state due to cannabis's continued illegality under the federal Controlled Substances Act, which classifies cannabis as a Schedule I drug ineligible for prescription. Ongoing threats of enforcement action by the federal government created apprehension within California's cannabis community and prompted calls for legislative action.

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, for the first time, 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 activity altogether.

Not long after the Legislature enacted MCRSA, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). The passage of the AUMA legalized cannabis for non-medicinal adult use in a private home 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 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 a new Department 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 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.

Unsafe Disposal of Vapor Inhalation Devices. Vaping has grown rapidly in recent years to become the most popular form of tobacco use. According 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 manufactured 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.

---

[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.

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:

> 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, AB 762 (Irwin) has been introduced to prohibit the sale of all disposable, battery-embedded vapor inhalation devices in California that are either not refillable or rechargeable. While AB 762 bill originally did not specify its application to tobacco or cannabis products, subsequent amendments exempted cannabis products from the bill's prohibitions. AB 762 is currently pending consideration in the Senate.

This bill would seek to further address the improper disposal of vaping products containing batteries. First, the bill would require the DTSC to evaluate opportunities to increase safety and convenience related to the management and disposal of vape pens and devices confiscated from students by a school. The bill requires this evaluation to ensure consistency with the federal Resource Conservation and Recovery Act of 1976. The DTSC is also directed to identify any recommendations that require future legislative action.

Second, this bill would authorize a permanent HHW collection facility to, after consulting with the certified unified program agency and the entity responsible for fire protection, mechanically disassemble vape pens and devices to separate batteries, valves, electronic components, and other parts containing liquids or gases, in a manner that does not result in the unauthorized release of hazardous materials. These activities would be required to be described in the facility's operation plan that is available for review by the certified unified program agency and included in a permit-by-rule application authorized by the agency. Additionally, personnel would be required to receive adequate training to ensure safe management and operations.

Advertisements of Cannabis Products to Minors Generally. Prior to the AUMA being passed by the voters, arguments both for and against the initiative frequently focused on a debate over whether Proposition 64 would adequately protect children from exposure to the cannabis industry. In the official text of Proposition 64, the purpose and intent of the initiative was stated to include an intention to "prohibit the marketing and advertising of nonmedical marijuana to persons younger than 21 years old or near schools or other places where children are present." Proposition 64 included a number of specified safeguards for minors, including:

---

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

- Prohibiting consumption of cannabis outside a residence within 1,000 feet of a school, day care center, or youth center while children are present.

- Requiring child-resistant packaging for cannabis products.

- Prohibiting packages and labels from being made to be attractive to children.

- Providing that cannabis products shall not be designed to be appealing to children or easily confused with commercially sold candy or foods that do not contain marijuana.

- Prohibiting cannabis businesses from being located within 600 feet of schools and other areas where children congregate.

- Authorizing a licensing authority to deny a license if there is an unreasonable risk of minors being exposed to cannabis or cannabis products.

- Expressly prohibiting businesses selling recreational cannabis to minors under 21 or employing minors under 21.

The AUMA further required that "any advertising or marketing involving direct, individualized communication or dialogue controlled by the licensee shall utilize a method of age affirmation to verify that the recipient is 21 years of age or older prior to engaging in such communication or dialogue controlled by the licensee."

Additionally, Proposition 64 included a prohibition against "advertising or marketing containing symbols, language, music, gestures, cartoon characters or other content elements known to appeal primarily to persons below the legal age of consumption." This language was simplified when MCRSA and the AUMA were reconciled through the enactment of SB 94. Under MAUCRSA, licensees are instead prohibited more generally from publishing or disseminating "advertising or marketing that is attractive to children." However, similar language was incorporated into regulations promulgated by the Bureau of Cannabis Control.

MAUCRSA currently prohibits individuals and entities engaged in commercial cannabis activity, whether licensed or unlicensed, from advertising or marketing cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. MAUCRSA further prohibits publishing or disseminating advertising or marketing that is attractive to children. Cannabis or cannabis products also cannot be advertised or marketed on a sign within 1,000 feet of a daycare center, school providing instruction in kindergarten or any of grades 1 to 12, inclusive, playground, or youth center.

The regulations adopted to consolidate the state's cannabis regulators in 2021 further scaled down the number of examples of what types of advertising would be deemed "attractive to children." The specific examples of "toys, inflatables, movie characters, [and] cartoon characters" were replaced with a prohibition against cartoons, depictions of minors, or "any likeness to images, characters, or phrases that are popularly used to advertise to children." The revised regulations also incorporated other prohibition language previously applied only to labeling requirements into the more general advertising restrictions. This includes prohibitions against products containing any imitation of candy packaging or labeling or using the term "candy" or "candies" or variants in spelling such as "kandy" or "kandeez." The regulations also prohibit the advertising of free cannabis goods or accessories.

While these prohibitions are contained in provisions of the DCC's regulations relating to advertising and marketing, these prohibitions apply to the packaging and labeling of cannabis goods as well. MAUCRSA requires the DCC to promulgate regulations to set standards for the manufacturing, packaging, and labeling of all manufactured cannabis products. The DCC's regulations specifically cross-reference the advertising content restrictions in language prohibiting cannabis goods labeling from containing "content that is, or is designed to be, attractive to individuals under the age of 21." The DCC's regulations further prohibit the selling of "any cannabis product that the Department determines, on a case-by-case basis," to be either "attractive to children" based on the above criteria, or "easily confused with commercially available foods that do not contain cannabis."

In August 2025, the California State Auditor (CSA) released an audit of the DCC's enforcement of laws prohibiting cannabis products from being advertised, marketed, or labeled in a manner that is attractive to children. The CSA report determined that "state law and DCC's regulations about design elements that are attractive to children are unspecific, leading to subjective and sometimes inconsistent determinations of whether cannabis product packaging is compliant." The CSA recommended that the Legislature clarify what design elements are prohibited from cannabis packaging.[6]

Usage of Vaping Products by Minors. Health experts and educators have raised serious concerns about the rapid increase in vaping popularity among minors.[7] Usage often takes place on school campuses; in fact, reports indicate that many underage vaping product users were first exposed to vaping in school.[8] As school administrators and teachers have attempted to curb the use of vaping products on campus, it has been reported that many vape products are manufactured to conceal their nature by imitating other products like common school supplies.

This bill would place additional prohibitions on all vaping products, including both cannabis and tobacco products, aimed at reducing underage use. First, the bill seeks to curb surreptitious use by prohibiting vaping products from imitating a product that is not a vape product to conceal the nature of the vape product from parents, teachers, or other adults. Second, the bill would prohibit vaping products from having certain elements that are attractive to minors, including branding that is known to appeal to minors, including branding based on or depicting a character, personality, or symbol known to appeal to minors, including a character in a comic book, movie, television show, or videogame, or a mythical creature. The bill would additionally prohibit interactive videogame capabilities within a vape product.

Current Related Legislation. AB 2249 (Irwin) would define "attractive to children" for purposes of unlawful cannabis labeling, require the DCC to publish a standardized rubric for determining whether cannabis product labeling is attractive to children, and require the DCC to implement a process by which a licensee may voluntarily request a written determination of whether a proposed packaging or labeling of a cannabis product is attractive to children. *This bill is pending in this committee.*

---

[6] California State Auditor. *Department of Cannabis Control: Unclear Rules and Insufficient Enforcement Hamper Its Ability to Identify Packaging That Is Attractive to Children.* Report No. 2024-105, August 2025.
[7] Cole, Adam G., et al. *"California School Staff Reports of Seeing Students Vaping at School and Disciplinary Actions." Journal of School Nursing*, vol. 40, no. 6, December 2024.
[8] Schiff, Samantha J., et al. *"Accessing Vaping Products When Underage: A Qualitative Study of Young Adults in Southern California." Nicotine & Tobacco Research*, vol. 23, no. 5, May 2021.

AB 762 (Irwin) would prohibit the sale of disposable, battery-embedded vapor inhalation devices. *This bill is pending in the Senate Committee on Rules.*

Prior Related Legislation. SB 1348 (Ashby), Chapter 899, Statutes of 2024 authorized state and local prosecutors to bring an action for injunctive relief and civil penalties against individuals engaged in commercial cannabis or industrial hemp activity for violations of laws intended to restrict the advertising and marketing of cannabis and hemp products to minors, and extended those laws to apply to individuals operating without a license or registration.

SB 540 (Laird, Chapter 491, Statutes of 2023) required the DCC to regularly reevaluate its regulations and determine whether additional warning labels are necessary to reflect evolving science regarding the risks of cannabis use and to create a brochure that includes steps for safer use of cannabis.

AB 1207 (Irwin) of 2023 would have placed additional restrictions on the advertising, marketing, packaging, and labeling of cannabis and cannabis products. *This bill was vetoed by the Governor.*

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.

AB 273 (Irwin) of 2021 would have placed numerous restrictions on the content of outdoor advertising by cannabis businesses and required a licensing authority to suspend the license of any licensee who violates those restrictions for one year. *This bill failed passage in this committee.*

SB 94 (Committee on Budget and Fiscal Review, Chapter 27, Statutes of 2017) combined AUMA and MCRSA into a unified system for the regulation of cannabis, MAUCRSA.

ARGUMENTS IN SUPPORT:

The *Rural County Representatives of California*, the sponsor of this bill, writes in conjunction with a broad coalition of other stakeholders in support: "Vapes are increasingly designed and marketed to appeal to minors and young adults - often in ways that are deceptive or intended to increase the level of addiction. Some vapes now contain integrated video games that are intended to increase the user's interaction with the device. Other vapes are manufactured to be nearly indistinguishable from common school supplies like highlighters and markers or household items like key fobs, watches, and even hoodies. Disguised vapes are harder for educators to detect and also pose heightened fire risks for collection trucks and solid waste facilities. This is because vapes contain batteries that can explode violently and quickly cause massive amounts of damage. By being nearly indistinguishable from ordinary consumer goods, disguised vapes are much more likely to avoid detection and make their way into recycling facilities and landfills, which significantly increases the risk of compaction and fire."

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

REGISTERED SUPPORT:

Rural County Representatives of California *(Sponsor)*
A Voice for Choice Advocacy
Alameda County Office of Education
Association of California School Administrators
California Cannabis Operators Association
California Product Stewardship Council
Californians Against Waste
County of Santa Barbara
County of Shasta
Del Norte Solid Waste Management Authority
League of California Cities
Los Angeles Unified School District
National Stewardship Action Council
Parents Against Vaping
Recology
Republic Services
Resource Recovery Coalition of California
ReThinkWaste
Rural Counties Environmental Services Joint Powers Authority
StopWaste
SWANA California Chapters Legislative Task Force
Western Placer Waste Management Authority
Zero Waste Marin

REGISTERED OPPOSITION:

None on file

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