

Date of Hearing: March 20, 2018

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Evan Low, Chair

AJR 27 (Low) – As Introduced January 9, 2018

SUBJECT: Cannabis.

SUMMARY: Urges the United States Department of Justice and the United States Attorney General to allow the state of California to regulate and enforce the cannabis market within the state without federal intervention.

EXISTING LAW:

- 1) Establishes the Bureau for Cannabis Control (BCC) as the regulatory agency for the sale, distribution, and testing of cannabis in the state of California, including the authority to promulgate regulations on this matter. (Business and Professions Code Section 26000 et al.)

THIS BILL:

- 1) Makes a number of findings, including:
 - a) That Californians have been directly involved in lawmaking and have repeatedly supported the legalization of cannabis through the initiative process, in 1996 and in 2016.
 - b) That the California Legislature has passed cannabis related legislation on numerous occasions after rigorous evaluation by members, stakeholders, and regulatory officials.
 - c) That the State of California has established a strict and comprehensive system of oversight for both medical and adult use cannabis.
 - d) That the Legislature has exercised significant oversight over the establishment of the state's structure for regulating cannabis, including prohibitions on sale to minors, tracking of cannabis and cannabis products through the entire supply chain, regulation and testing of cannabis products, limits on the types of cannabis products that can be sold, and the ongoing supervision and licensing of cannabis businesses and manufacturers.
 - e) That in 2009 and 2013 U.S. Deputy Attorneys General issued memorandums to U.S. Attorneys not to focus federal resources on the prosecution of cannabis related crimes in states that have implemented a robust system for the regulation of cannabis.
 - f) That the growing opioid crisis continues to represent a far greater threat to the health and safety of Americans
- 2) Resolves that:
 - a) The enforcement priorities of the US Department of Justice should not be placed on California's lawful and closely regulated cannabis industry.
 - b) That the U.S. Attorneys should make it clear to the people of California whether they intend to divert scarce resources away from legitimate public safety concerns.

- c) That the federal government should instead focus on investigating and prosecuting those who have created and exacerbated the epidemic of prescription drug abuse across our country.

FISCAL EFFECT: None. This resolution is not keyed fiscal

COMMENTS:

Purpose. This resolution is sponsored by the author. According to the author, “Over 60% of Americans support legalizing cannabis but U.S. Attorney General Jeff Sessions is still stuck in the Reefer Madness era. California has established strict regulations and oversight of both medical and recreational cannabis in our state. This unwarranted federal crackdown not only undermines state autonomy, it is a misguided waste of public safety resources that would be better spent addressing the opioid epidemic. This resolution demonstrates that our legislators stand against the unwanted meddling of the federal government in our lawful and regulated cannabis market”

Background. Since 1996 the State of California has had a legally operating cannabis market, beginning with the passage of Proposition 215 to allow medical cannabis in the state. This was followed by further adjustments to the law in 2003, 2010, and 2015, before the passage of Proposition 64 in 2016 to legalize cannabis for adults 21 and over.

Though federal law classifies cannabis as a “Schedule 1” drug, the United States Department Of Justice (USDOJ) has on a number of occasions issued memos to United States Attorneys (USA’s) directing them not to pursue cases against businesses in states that have legalized adult-use cannabis. The most commonly known of these is the so-called “Cole Memo” issued by Deputy Attorney General James M. Cole in 2011. This and other memos have generally served to prevent intervention by the federal government in legalized cannabis markets.

On January 4, 2018, United States Attorney General Jeff Sessions issued a memorandum rescinding all previous guidance that had given USA’s discretion in whether to pursue cases related to possession and distribution in states that had legalized adult-use cannabis.

Though federal law preempts state law, in recent history USDOJ has refrained from pursuing cases in states that have established a regulatory structure for cannabis. The recent action by AG Sessions is in direct conflict with this precedent and the laws of California. It has caused confusion within the cannabis industry and other stakeholders and may cause problems for regulators as they work to limit the role of the black market in the state.

Current Related Legislation. AJR 28 (Jones-Sawyer) of the current legislative session, would urge the President and the Congress to pass legislation that would allow financial institutions to provide services to the Cannabis industry.

ARGUMENTS IN SUPPORT:

Fiona Ma, Member, State Board of Equalization, writes: “AJR 27 highlights this unwarranted federal crackdown not only undermines state autonomy; it is a misguided waste of public safety resources. For these reasons I am proud to support AJR 27.”

Americans for Safe Access writes: “We are writing today to express our support for AJR 27, which urges the United States Department of Justice to refrain from creating enforcement priorities which target California’s closely regulated cannabis markets.”

The **California Asian Pacific Chamber of Commerce** writes: “As the largest ethnic chamber in California, CalAsian is concerned with the federal administration’s sentiments when it comes to cannabis... For the above mentioned reasons, the California Asian Pacific Chamber of Commerce fully supports AJR 27.”

The **California Cannabis Industry Association** writes: “AJR 27 expresses the importance of responsible allocation of federal resources. The federal government should focus on ensuring timely public safety concerns and redirect its attention and resources to address the fatal opioid epidemic.”

The **California Growers Association** writes: “On behalf of the California Growers Association (CGA) representing over 1000 members in 46 counties throughout California, we write to indicate our “support” for AJR 27 which would urge the United States Department of Justice to not implement its enforcement priorities onto California’s legal and fully licensed cannabis industry.”

WeDrop writes: “WeDrop is grateful for your continued leadership on cannabis policy reform. For these reasons, we strongly support AJR 27.”

ARGUMENTS IN OPPOSITION:

None on File

REGISTERED SUPPORT:

Americans for Safe Access
California Asian Pacific Chamber of Commerce
California Cannabis Industry Association
California Growers Association
Fiona Ma, Member, State Board of Equalization
WeDrop

REGISTERED OPPOSITION:

None on File

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